



***Condensed Interim
Financial Information
for the Quarter Ended
September 30, 2012***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2012

We are pleased to present your Company's individual and consolidated financial information for the quarter ended September 30, 2012. 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 quarter is given below:

	Individual		Consolidated	
	Quarter Ended 30-Sep-2012	Quarter Ended 30-Sep-2011	Quarter Ended 30-Sep-2012	Quarter Ended 30-Sep-2011
	(Rupees in thousands)			
Sales (net)	395,778	394,651	589,741	555,970
Gross Profit	219,574	213,586	308,593	299,934
Profit before tax	105,820	98,269	131,389	120,007
Taxation	(28,352)	(1,990)	(39,228)	(10,991)
Profit after tax	77,468	96,279	92,161	109,016

Net Sales of your Company remained virtually unchanged with a nominal increase of 0.29% for the 1st Quarter in comparison with the same quarter of last year. This is primarily because of a decline in medical device sales in the Boston Scientific division, which is dependent in large part on supplies to government sector hospitals. During this quarter, several tender purchases were delayed or reduced owing to budget cuts in comparison with the corresponding period of last year. As the public sector procurement process is completed in the coming quarter, we expect this position to improve. Sales of the company's promotional products also grew by a slower pace of 7% during the Quarter, in line with a slow-down of demand in the market as a whole. However, export sales continued to grow at a healthy pace, increasing by 18% in the first quarter.

On group level the consolidated net sales showed an increase of 6.07% for the 1st quarter. The Gross Profit of your Company showed an increase of 3% during the Quarter, while the Net Profit before Tax increased by 8% to Rs. 105.819 Million. However, owing to a heavier burden of taxation following the withdrawal of exemptions given to KPK owing to floods and terrorism, the provision for taxation has increased substantially, resulting in a reduction of 20% in the after-tax profitability.

Based on the net profit for the quarter, the Earnings per Share (EPS), both basic and diluted, stand at 2.69 compared to EPS of Rs. 3.35 for the first quarter of last year.

BF Biosciences Limited Operational Status

Net Sales of BF Biosciences were Rs. 167 Million for the 1st Quarter, an improvement of 24% over the corresponding quarter of the previous year. The Company continues to face tough competition from cheap imports which benefit from a lack of enforcement of uniform quality standards. Increases in raw material costs and the overall cost of production, however, have meant that its net profit has not increased correspondingly with the sales growth.



Acknowledgments

We are once again privileged to recognize the tireless efforts of the Company's management and staff at all levels.

We would also like to thank our valued customers for their continued trust in our products. The Company is making all efforts to widen the range of our products with the highest of quality standards. We also thank our vendors, distributors and financial institutions for their extended cooperation.

For and on behalf of the Board of Directors

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

CONDENSED INTERIM BALANCE SHEET

		September 30, 2012 Un-Audited	June 30, 2012 Audited
	Note	-----Rs.-----	-----Rs.-----
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		<u>500,000,000</u>	500,000,000
Issued, subscribed and paid up capital	3	287,493,720	287,493,720
Capital reserve		321,843	321,843
Accumulated profit		<u>1,727,223,791</u>	1,648,521,379
		<u>2,015,039,354</u>	1,936,336,942
Surplus on revaluation of property, plant and equipment - net of tax	4	382,971,625	384,205,990
Non current liabilities			
Deferred liability for taxation		<u>81,138,356</u>	84,382,188
		81,138,356	84,382,188
Current liabilities			
Trade and other payables		<u>154,334,595</u>	205,663,630
		154,334,595	205,663,630
Contingencies and commitments	12	-	-
		<u>2,633,483,930</u>	<u>2,610,588,750</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

AS AT SEPTEMBER 30, 2012

		September 30, 2012 Un-Audited	June 30, 2012 Audited
	Note	-----Rs.-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,003,055,488	993,746,191
Intangibles assets	6	3,256,705	3,714,037
Long term investments	7	233,448,849	229,220,514
Long term loan		285,000,000	325,000,000
Long term deposits		3,596,600	3,596,600
		<u>1,528,357,643</u>	<u>1,555,277,342</u>
Current assets			
Stores, spares and loose tools		6,191,553	6,243,122
Stock in trade		423,178,150	415,453,467
Trade debts - considered good		129,752,189	106,334,607
Current portion of long term loan		50,000,000	50,000,000
Loans and advances - considered good		17,537,633	11,780,777
Deposits and prepayments		16,606,279	15,592,306
Mark up accrued		11,787,090	12,640,290
Advance income tax - net		57,886,920	91,753,952
Other receivables	8	7,958,015	13,303,396
Short term investments	9	356,544,690	273,864,527
Cash and bank balances		27,683,767	58,344,964
		<u>1,105,126,287</u>	<u>1,055,311,408</u>
		<u>2,633,483,930</u>	<u>2,610,588,750</u>

Director

Chairperson & CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

		Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	Note	-----Rs.-----	
Revenue- net	10	395,777,661	394,650,964
Cost of sales	11	<u>(176,204,006)</u>	<u>(181,064,982)</u>
Gross profit		219,573,655	213,585,982
Other operating income		20,008,822	15,208,282
Administrative expenses		(30,778,808)	(34,917,152)
Selling and distribution cost		(97,102,811)	(86,947,026)
Finance cost		(578,465)	(2,365,545)
Other charges		(9,531,050)	(8,439,587)
Share in profit of Farmacia - 98% owned partnership firm		4,228,335	2,143,837
Profit before taxation		105,819,678	98,268,791
Provision for taxation		(28,351,631)	(1,990,091)
Profit after taxation		77,468,047	96,278,700
Earnings per share - basic and diluted		2.69	3.35

The annexed notes 1 to 15 form an integral part of these financial statements.

Rawalpindi
October 23, 2012

Director

Chairperson & CEO



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	-----Rs.-----	
Profit after taxation	77,468,047	96,278,700
Other comprehensive income	-	-
Total comprehensive income	<u>77,468,047</u>	<u>96,278,700</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

Rawalpindi
October 23, 2012

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	Rs.-----	
Profit before taxation	105,819,679	98,268,791
Adjustments for:		
Depreciation	17,752,487	16,683,039
Amortisation	457,332	214,062
(Gain) on sale of property, plant and equipment	(316,407)	(505,000)
Finance costs	578,465	2,365,545
Provision for Workers' Profit Participation Fund	4,555,679	4,467,813
Provision for Workers' Welfare Fund	1,822,271	1,787,125
Provision for Central Research Fund	1,068,886	1,002,034
Gain on re-measurement of short term investments	(7,680,162)	(285,782)
Dividend income, profit on bank deposits and commissions	(225,162)	-
Interest income	(11,787,090)	(14,442,739)
Share in profit of Farmacia - 98% owned subsidiary firm	(4,228,335)	(2,143,837)
	<u>1,997,963</u>	<u>9,142,260</u>
Profit before working capital changes	107,817,641	107,411,051
Effect on cash flow due to working capital changes		
<i>Increase / (decrease) in current assets</i>		
Stores, spare parts and loose tools	51,569	(2,480,814)
Advances, deposits, prepayments and other receivables	(1,425,451)	1,012,493
Stock in trade	(7,724,683)	(32,417,323)
Trade debts - considered good	(23,417,582)	(14,567,301)
	<u>(32,516,147)</u>	<u>(48,452,945)</u>
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(49,162,559)	10,859,397
	<u>(49,162,559)</u>	<u>10,859,397</u>
Cash generated from operations	26,138,935	69,817,504
Finance cost paid	(634,447)	(2,388,845)
Taxes paid	(4,284,682)	(3,791,198)
Workers' Profit Participation Fund paid	(3,000,000)	(14,218,598)
	<u>(7,919,130)</u>	<u>(20,398,642)</u>
Net cash generated from operating activities	18,219,806	49,418,862
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(27,211,057)	(4,275,540)
Proceeds from sale of property, plant and equipment	465,680	505,000
Markup on long term loan received	12,640,290	16,020,986
Dividend income, profit on bank deposits and commissions	225,162	-
Acquisition of short term investments	(75,000,000)	(50,000,000)
Decrease in long term loan	40,000,000	50,000,000
Net cash used/generated in/from investing activities	(48,879,925)	12,250,446
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(14,187,500)
Payment of short term borrowings	-	(33,171,462)
Dividend paid	(1,078)	(74,149)
Net cash used in financing activities	(1,078)	(47,433,111)
Net (decrease)/increase in cash and cash equivalents	(30,661,197)	14,236,197
Cash and cash equivalents at the beginning of the period	58,344,964	20,015,253
Cash and cash equivalents at the end of the period	27,683,767	34,251,450

The annexed notes 1 to 15 form an integral part of these financial statements.

Rawalpindi
October 23, 2012

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Share capital	Capital reserve	Accumulated Profit	Total
	-----Rs.-----			
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 accumulated 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>
Balance as at July 01, 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>

The annexed notes 1 to 15 form an integral part of these financial statements.

Rawalpindi
October 23, 2012

Director

Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

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 and factory is located at Amanghar Nowshera Khyber Pakhtoon Khwa.

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, 2012. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2012- 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 statements for the three months period ended on September 30, 2011.

2.2 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, 2012.

	Sep 30, 2012	June 30, 2012
	Unaudited	Audited
	-----	-----
	Rs.	
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
1,441,952 (June 30, 2012: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (June 30, 2012: 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
27,187,807 (2012: 27,187,807) ordinary shares of Rs. 10 each issued as fully paid bonus shares	271,878,200	271,878,200
	<u>287,493,720</u>	<u>287,493,720</u>

	Note	Sep 30, 2012 Unaudited	June 30, 2012 Audited
		-----Rs.-----	
4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
Surplus on revaluation of property, plant and equipment as at 1 July		410,814,534	419,254,636
Surplus transferred to accumulated profit in respect of incremental depreciation charged during the period:			
- Net of deferred tax		(1,234,365)	(5,486,066)
- Related deferred tax liability		(664,658)	(2,954,036)
		<u>(1,899,023)</u>	<u>(8,440,102)</u>
		408,915,511	410,814,534
Related deferred tax liability:			
- On revaluation as at 1 July		(26,608,544)	(29,562,580)
- Transferred to accumulated profit on incremental depreciation charged during the period:		664,658	2,954,036
		<u>(25,943,886)</u>	<u>(26,608,544)</u>
Surplus on revaluation of property, plant and equipment as at 30 september/30 June		<u>382,971,625</u>	<u>384,205,990</u>
5. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		993,746,191	924,715,697
Additions during the period/year	5.1	27,211,057	143,900,808
		1,020,957,248	1,068,616,505
Written down value of disposals during the period/year		(149,273)	(5,277,301)
Depreciation for the period/year		(17,752,487)	(69,593,013)
		<u>(17,901,760)</u>	<u>(74,870,314)</u>
		<u>1,003,055,488</u>	<u>993,746,191</u>
5.1 Additions during the period/year represents:			
Building on freehold land		570,000	4,656,986
Plant and machinery		473,691	9,503,326
Office equipments		121,585	1,836,708
Furniture and fixtures		-	1,067,067
Computers		118,050	2,508,491
Vehicles-owned		10,049,500	7,597,500
Capital work in progress		15,878,231	116,730,730
		<u>27,211,057</u>	<u>143,900,808</u>
6. INTANGIBLE ASSETS			
Cost		3,714,037	5,543,356
Accumulated amortization		(457,332)	(1,829,319)
		<u>3,256,705</u>	<u>3,714,037</u>

**SELECTED NOTES TO AND FORMING PART OF THE
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

		Sep 30, 2012 Unaudited	June 30, 2012 Audited
	Note	-----Rs.-----	
7	LONG TERM INVESTMENTS		
	Investment in Farmacia - 98% owned subsidiary partnership firm	7.1 81,448,889	77,220,554
	Investment in BF Biosciences Limited - 80% owned subsidiary	7.2 151,999,960	151,999,960
		<u>233,448,849</u>	<u>229,220,514</u>
	7.1 Investment in Farmacia		
	Opening balance	77,220,554	82,555,954
	Disinvestment	-	(25,000,000)
	Share in profit for the period/year	4,228,335	19,664,600
		<u>81,448,889</u>	<u>77,220,554</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.880,806 (June 2012:Rs.3,318,239) as receivables from the subsidiary BF Biosciences Limited on account of expenses incurred on behalf of subsidiaries.

9 SHORT TERM INVESTMENTS

Investment at fair value through profit or loss - listed securities	9.1	356,544,690	273,864,527
		<u>356,544,690</u>	<u>273,864,527</u>

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

		September 30, 2012 Unaudited		June 30, 2012 Audited		
		-----Rs.-----				
Number of units		Name of Companies				
September 2012	June 2012	Carrying value	Fair value	Carrying value	Fair value	
1,169,767	1,137,210	Investment in HBL Money Market	116,976,197	120,269,277	110,354,912	116,976,197
2,307,533	1,277,085	Investment in HBL Income Fund	231,888,330	236,275,412	156,000,000	156,888,330
			<u>348,864,527</u>	<u>356,544,690</u>	266,354,912	273,864,527
		Unrealised gain on account of re-measurement to fair value	7,680,163	7,509,615		
			<u>356,544,690</u>	<u>356,544,690</u>	<u>273,864,527</u>	<u>273,864,527</u>

		Quarter Ended September 30, 2012 Unaudited	Quarter Ended September 30, 2011 Unaudited
	Note	-----Rs.-----	
10 REVENUE - net			
Gross Sales		442,723,767	423,559,421
Discount		(46,946,107)	(28,908,457)
		<u>395,777,661</u>	<u>394,650,964</u>
11 COST OF SALES			
Material consumed	11.1	153,795,641	163,853,104
Manufacturing expenses		39,609,949	34,430,558
Opening work in process		23,928,962	11,929,149
		<u>217,334,551</u>	<u>210,212,811</u>
Closing work in process		(35,217,865)	(19,668,498)
Cost of goods manufactured		182,116,686	190,544,313
Opening finished goods		173,564,705	169,991,024
		<u>355,681,391</u>	<u>360,535,337</u>
Closing finished goods		(179,477,386)	(179,470,355)
Cost of sales		<u>176,204,006</u>	<u>181,064,982</u>
11.1 Material consumed			
Opening stock		215,118,157	224,016,595
Purchases during the period		125,459,428	179,282,802
		<u>340,577,585</u>	<u>403,299,397</u>
Closing stock		(186,781,944)	(239,446,293)
		<u>153,795,641</u>	<u>163,853,104</u>
12 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 accounts. Transactions with related parties during the period are as follows:			
Farmacia-98% owned subsidiary firm			
Sale of medicines		1,194,147	894,145
Share of profit		4,228,335	2,143,837
BF Biosciences Limited-80% owned subsidiary			
Long term loan and mark up repayment		52,640,290	66,020,986
Accrued mark up on long term loan		11,787,090	14,442,739
Sale of medicine to subsidiary		10,435,096	7,247,492
Sale of medicine by subsidiary		362,193	4,548,845
Management fee and expense for sales promotion.		1,786,310	2,040,762
Other related parties			
Contribution to employee provident fund		2,740,121	2,120,051

**SELECTED NOTES TO AND FORMING PART OF THE
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Sep 30, 2012	June 30, 2012
	Unaudited	Audited
	-----Rs.-----	
13 CONTINGENCIES AND COMMITMENTS		
Contingencies:		
Guarantees issued by banks on behalf of the Company	1,040,500	640,500
Commitments:		
Capital Expenditure	44,756,400	-
Letter of credits other than for capital expenditure	30,801,489	59,557,300

14 GENERAL

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

15 DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors of the Company on October 23, 2012.

Rawalpindi
 October 23, 2012

Director

Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
September 30, 2012***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		September 30, 2012 Un-Audited	June 30, 2012 Audited
	Note	-----Rs.-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital		287,493,720	287,493,720
Capital reserve		321,843	321,843
Accumulated profit		<u>1,834,998,084</u>	<u>1,744,227,890</u>
		<u>2,122,813,647</u>	<u>2,032,043,453</u>
Non-controlling interest		<u>63,398,194</u>	<u>60,773,274</u>
Total equity		<u>2,186,211,841</u>	<u>2,092,816,727</u>
Surplus on revaluation of property, plant and equipment - net of tax	3	<u>382,971,625</u>	384,205,990
Non current liabilities			
Deferred liability for taxation		<u>108,375,011</u>	103,348,521
		<u>108,375,011</u>	103,348,521
Current liabilities			
Trade and other payables		<u>319,062,645</u>	439,723,478
		<u>319,062,645</u>	439,723,478
Contingencies and commitments	10	-	-
		<u>2,996,621,122</u>	<u>3,020,094,716</u>

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

SHEET AS AT SEPTEMBER 30, 2012

		September 30, 2012 Un-Audited	June 30, 2012 Audited
	Note	-----Rs.-----	-----Rs.-----
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,482,575,955	1,479,534,613
Intangible assets	5	3,256,705	3,714,037
Long term deposits		7,543,600	7,543,600
		<u>1,493,376,260</u>	<u>1,490,792,250</u>
Current assets			
Stores, spares and loose tools		14,031,789	9,489,742
Stock in trade		682,231,750	583,051,961
Trade debts-considered good		225,820,198	325,691,298
Loans and advances-considered good		29,269,023	15,293,053
Deposits and prepayments		27,782,591	23,720,945
Advance income tax - net		88,380,661	119,205,063
Other receivables		10,212,866	9,985,159
Short term investments	6	376,340,763	345,247,322
Cash and bank balances		49,175,221	97,617,923
		<u>1,503,244,862</u>	<u>1,529,302,466</u>
		<u><u>2,996,621,122</u></u>	<u><u>3,020,094,716</u></u>

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

		Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	Note	-----Rs.-----	
Net sales	7	589,740,772	555,969,575
Cost of sales	8	(281,147,468)	(256,036,069)
Gross profit		308,593,304	299,933,506
Other income		8,892,332	2,248,594
Administrative expenses		(35,897,276)	(37,142,034)
Selling and distribution cost		(136,819,736)	(130,046,279)
Finance cost		(1,041,538)	(3,809,608)
Other expenses		(12,338,471)	(11,177,123)
Profit before taxation		131,388,615	120,007,056
Provision for taxation		(39,227,865)	(10,990,725)
Profit after taxation		92,160,750	109,016,331
Attributable to:			
Shareholders of the parent company		89,535,829	106,433,803
Non- Controlling Interest		2,624,920	2,582,528
		92,160,750	109,016,331
Earnings per share - basic and diluted		3.11	3.70

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, 2012**

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	-----Rs.-----	
Profit after tax	92,160,750	109,016,331
Other comprehensive income	-	-
Total comprehensive income	<u>92,160,750</u>	<u>109,016,331</u>
Attributable to:	89,535,829	106,433,803
Shareholders of the parent company	<u>2,624,920</u>	<u>2,582,528</u>
Non-controlling interest	<u>92,160,750</u>	<u>109,016,331</u>

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

Rawalpindi
 October 23, 2012

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	-----Rs.-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	131,388,615	120,007,056
Adjustments for:		
Depreciation	35,063,982	33,370,167
Amortisation	457,332	214,062
(Gain) on sale of property, plant and equipment	(316,407)	(505,000)
Finance costs	1,041,538	3,809,608
Provision for Workers' Profit Participation Fund	5,801,339	5,604,501
Provision for Workers' Welfare Fund	2,320,535	2,241,800
Provision for Central Research Fund	1,297,260	1,211,987
(Gain) on re-measurement of short term investments	(8,062,978)	(1,245,330)
Dividend income, profit on bank deposits and commissions	(512,946)	(1,716,598)
	<u>37,089,655</u>	<u>42,985,197</u>
Profit before working capital changes	168,478,270	162,992,254
Effect on cash flow due to working capital changes		
<i>Increase / (decrease) in current assets</i>		
Stores, spare parts and loose tools	(4,542,047)	(3,518,356)
Loans, advances, deposits and prepayments	(18,265,325)	3,124,698
Stock in trade	(99,179,789)	(60,782,048)
Trade debts - considered good	99,871,100	(5,094,298)
	<u>(22,116,062)</u>	<u>(66,270,004)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	(116,836,229)	(42,104,883)
Cash generated from operations	29,525,978	54,617,367
Finance cost paid	(1,041,538)	(3,999,924)
Taxes paid	(11,650,093)	(8,227,475)
Workers' Profit Participation Fund paid	(5,000,000)	(22,638,598)
	<u>(17,691,631)</u>	<u>(34,865,997)</u>
Net cash generated from operating activities	11,834,347	19,751,370
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(38,285,705)	(8,605,458)
Proceeds from sale of property, plant and equipment	496,787	505,000
Dividend income, profit on bank deposits and commissions	512,946	1,716,598
Acquisition of short term investments	(93,000,000)	(50,000,000)
Proceeds from encashment of short term investments	70,000,000	11,551,549
Net cash used in investing activities	(60,275,972)	(44,832,311)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(23,531,250)
(Payment) / proceeds of short term borrowings	-	(15,765,080)
Payment to non-controlling interest	-	(74,149)
Dividend paid	(1,078)	-
Net cash used in financing activities	(1,078)	(39,370,479)
Net (decrease) in cash and cash equivalents	(48,442,702)	(64,451,420)
Cash and cash equivalents at the beginning of the period	97,617,923	155,394,203
Cash and cash equivalents at the end of the period	49,175,221	90,942,783

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

Rawalpindi
October 23, 2012

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Share capital	Capital reserve	Accumulated profit	Total	Non-Controlling Interest	Total
	-----Rs.-----					
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- net of tax	-	-	1,371,517	1,371,517	-	1,371,517
Final dividend for the year ended June30, 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
Balance as at July 01, 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 unappropriated 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	287,493,720	321,843	1,834,998,084	2,122,813,647	63,398,194	2,186,211,841

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

Rawalpindi
October 23, 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, 2012**

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 and factory is located at Amanghar, Nowshera, Khyber Pakhtoon Khwa.

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, 2012. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2012 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, 2011.

2.2 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, 2012.

	Sep 30, 2012	June 30, 2012
	Unaudited	Audited
	-----	-----
	Rs.	
3. SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax		
Surplus on revaluation of fixed assets as at 01 July.	410,814,534	419,254,636
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period:		
- Net of deferred tax	(1,234,365)	(5,486,066)
- Related deferred tax liability	(664,658)	(2,954,036)
	(1,899,023)	(8,440,102)
	408,915,511	410,814,534
Related deferred tax liability:		
- On Revaluation as at 01 July	(26,608,544)	(29,562,580)
- Transferred to profit and loss account on Incremental depreciation charged during the period:	664,658	2,954,036
	(25,943,886)	(26,608,544)
Surplus on revaluation of property, plant and equipment as at 30 september/30 June	382,971,625	384,205,990

	Note	Sep 30, 2012 Unaudited	June 30, 2012 Audited
		-----Rs.-----	
4	PROPERTY, PLANT AND EQUIPMENT		
Opening net book value		1,479,534,613	1,465,485,976
Additions during the period/year	4.1	38,285,705	157,463,943
		1,517,820,318	1,622,949,919
Written down value of disposals during the period/year		(180,380)	(5,611,583)
Depreciation for the period/year		(35,063,982)	(137,803,723)
		(35,244,363)	(143,415,306)
		1,482,575,955	1,479,534,613

4.1 Additions and transfers during the period represents:

Building on freehold land		570,000	-
Plant and machinery		602,134	11,903,002
Office equipments		182,585	3,147,562
Furniture and fixtures		-	2,331,247
Computers		261,255	3,935,224
Vehicles-owned		19,499,500	34,981,300
Capital work in progress		17,170,231	101,165,608
		38,285,705	157,463,943
		Sep 30, 2012 Unaudited (Rupees)	June 30, 2012 Audited (Rupees)
5	INTANGIBLE ASSETS		
Cost		3,714,037	5,543,356
Accumulated amortization		(457,332)	(1,829,319)
		3,256,705	3,714,037
6	SHORT TERM INVESTMENTS		
Investments at fair value through profit and loss - listed securities	6.1	376,340,763	345,247,322
		376,340,763	345,247,322

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

Number of units	Name of Companies	September 30, 2012 Unaudited		June 30, 2012 Audited		
		Carrying value	Fair value	Carrying value	Fair value	
September 2012	June 2012	-----Rs.-----				
1,351,252	2,381,699	Investment in HBL Money Market Fund	135,497,014	138,928,588	180,354,912	187,252,692
2,307,533	1,277,085	Investment in HBL Income Fund	231,888,330	236,275,412	156,000,000	156,888,330
113,401	110,415	Investment in ABL Cash Fund	1,106,300	1,136,762	1,081,338	1,106,300
			368,491,644	376,340,763	337,436,250	345,247,322
		Unrealised Gain on account of re-measurement to fair value	7,849,119	-	7,811,072	-
			376,340,763	376,340,763	345,247,322	345,247,322

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED
 INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

		Quarter Ended September 30, 2012 Unaudited	Quarter Ended September 30, 2011 Unaudited
	Note	-----Rs.-----	
7 REVENUE - net			
Gross Sales		675,054,498	615,236,147
Discount		(85,313,727)	(59,266,572)
		<u>589,740,772</u>	<u>555,969,575</u>
8 COST OF SALES			
Material consumed	8.1	169,159,520	258,274,936
Manufacturing expenses		80,845,338	70,536,372
Opening work in process		57,088,668	31,773,388
		<u>307,093,526</u>	<u>360,584,696</u>
Closing work in process		(75,622,403)	(66,547,332)
Cost of goods manufactured		231,471,123	294,037,364
Opening finished goods		263,156,413	263,791,283
		<u>494,627,536</u>	<u>557,828,647</u>
Purchases		86,761,191	
Closing finished goods		(300,241,259)	(301,792,578)
Cost of sales		<u>281,147,468</u>	<u>256,036,069</u>
8.1 Material consumed			
Opening stock		255,682,554	261,125,156
Purchases during the period		197,998,447	267,260,290
		<u>453,681,001</u>	<u>528,385,446</u>
Closing stock		(284,521,480)	(270,110,510)
		<u>169,159,520</u>	<u>258,274,936</u>
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:			
Other related parties			
Contribution to employee provident fund		<u>3,986,762</u>	<u>2,645,776</u>

	Sep 30, 2012	June 30, 2012
	Unaudited	Audited
	-----Rs.-----	
10 CONTINGENCIES AND COMMITMENTS		
Contingencies:		
Guarantees issued by banks on behalf of the Company	1,040,500	640,500
Guarantees issued by banks on behalf of the Company, BF Biosciences Limited	<u>33,839,434</u>	<u>33,839,434</u>
	<u>34,879,934</u>	<u>34,479,934</u>
Commitments:		
Capital Expenditure	44,756,400	-
Letter of credits other than for capital expenditure	<u>36,244,087</u>	<u>79,959,976</u>
	<u>81,000,487</u>	<u>79,959,976</u>

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 of the company on October 23, 2012.





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