



***Condensed Interim
Financial Information
for the Quarter/Nine Months
Ended March 31, 2013***



FEROZSONS
LABORATORIES LIMITED

**DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER/NINE MONTHS ENDED MARCH 31, 2013**

We are pleased to present your Company's unaudited Individual and consolidated financial information for the nine months & quarter ended March 31, 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 operating results for the period is given below:

	Individual				Consolidated			
	3 Months	3 Months	9 Months	9 Months	3 Months	3 Months	9 Months	9 Months
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	(Rupees in thousands)							
Sales (net)	467,838	432,496	1,372,032	1,250,471	693,461	638,022	2,039,876	1,796,761
Gross Profit	263,746	226,268	764,800	651,082	358,854	321,165	1,048,330	888,180
Profit before tax	109,692	108,477	343,123	274,402	140,222	133,553	417,192	304,401
Taxation	(31,691)	(4,610)	(104,112)	(10,028)	(40,842)	(9,335)	(123,422)	(20,265)
Profit after tax	78,001	103,867	239,011	264,374	99,380	124,218	293,770	284,136

Net sales of your Company grew by 8% for the 3rd Quarter under review versus the same quarter of last year, whereas for the nine months ended 31st March, Net sales showed an increase of 10% in comparison with the same period last year. At the group level, the consolidated net sales for the 3rd quarter and nine months showed an increase of 9% and 14 % respectively compared to the same period last year. While the company's promoted products in the Pharma portfolio delivered a healthy growth of 18% over the 9 month period, and exports grew by 81%, the overall growth was diluted by a decline in the sales of non-promotional products, as well as a poorer medical device sales, which were hampered by substantial reductions in the purchase budgets of public sector hospitals, which form the bulk of the customer base in this market.

In contrast to the growth in sales, the cost of sales of your Company showed decrease of 1% during the 3rd quarter and overall increase of 1% during the nine months ended March 31, 2013. This improvement in margin is due to the increased share of profitable brands in the sales mix. Sales growth achieved was largely through increased sales of the promoted brands in the Pharma and Exports divisions, which carried relatively higher GP margin. As a consequence, net profit before taxation increased by 25% for the 9 month period.

However, owing to the discontinuation of tax exemptions granted to companies operating in terrorism hit areas in the Khyber Pukhtoonkhwa, the company's provision for taxation increased from 10 million for the nine months period ended March 31, 2012 to Rs. 104 million during the period under review. Consequently, Net Profit after Tax (NPAT) had decreased by 25% in 3rd Quarter and by 10% for the nine months period ended March 31, 2013. NPAT stood at Rs. 78 Million and Rs. 239 Million for the quarter and nine months respectively.

Based on the net profit for the nine months ended March 31, 2013, the Earnings per Share (EPS), both basic and diluted, stand at 7.92 compared to EPS of Rs. 8.76 of same respective period of last year, on the enhanced capital of Rs. 302 million after the issuance of bonus share during the period.

BF Biosciences Limited Operational Status

Net Sales of BF Biosciences Limited were Rs. 206 million for the 3rd Quarter, a growth of 8%



over the same quarter of last year, and Rs. 591 million for the nine months ended March 31, 2013 showing an increase of 25% over the first nine months of last year.

Cost of Sales of the subsidiary grew by 10% for the quarter and 28% over the nine months period. Profit after tax of "BF Biosciences Limited" stood at Rs. 52 million for the nine months ended March 31, 2013.

Future Outlook

With increasing violence in major cities as the country heads towards a historic general election, market conditions are not expected to improve in the immediate future. However, we do hope that the incoming government will place due emphasis on health policy and through an autonomous and professionally staffed Drugs Regulatory Agent, will finally provide an enabling environment for the Pharma sector to meet the healthcare needs of the population and play its due role in the country's exports.

Acknowledgments

Finally 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. We are making all efforts to widen the range of our products with the highest of quality standards.

For and on behalf of the Board of Directors

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

CONDENSED INTERIM

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (30 June 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	3	<u>301,868,410</u>	287,493,720
Capital reserve		<u>321,843</u>	321,843
Accumulated profit		<u>1,747,488,302</u>	1,648,521,379
		<u>2,049,678,555</u>	1,936,336,942
Surplus on revaluation of property, plant and equipment - net of tax	4	380,502,895	384,205,990
Non current liabilities			
Deferred taxation		75,128,925	84,382,188
Current liabilities			
Trade and other payables		<u>186,176,620</u>	205,663,630
Provision for taxation		<u>8,315,600</u>	-
Short term borrowings - secured		<u>110,736,965</u>	-
		<u>305,229,185</u>	205,663,630
Contingencies and commitments	5	<u>2,810,539,560</u>	<u>2,610,588,750</u>

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

BALANCE SHEET AS AT MARCH 31, 2013

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,068,643,834	993,746,191
Intangible assets	7	2,342,041	3,714,037
Long term investments	8	235,054,028	229,220,514
Long term loan		285,000,000	325,000,000
Long term deposits		3,782,100	3,596,600
		1,594,822,003	1,555,277,342
Current assets			
Stores, spare parts and loose tools		8,859,951	6,243,122
Stock in trade		549,080,026	415,453,467
Trade debts - considered good		104,355,967	106,334,607
Current portion of long term loan		50,000,000	50,000,000
Loans and advances - considered good		27,108,876	11,780,777
Deposits and prepayments		17,290,371	15,592,306
Mark-up accrued		8,509,225	12,640,290
Advance income tax - net		-	91,753,952
Other receivables	9	5,758,387	13,303,396
Short term investments	10	390,768,830	273,864,527
Cash and bank balances		53,985,924	58,344,964
		1,215,717,557	1,055,311,408
		2,810,539,560	2,610,588,750

 Director

 Chairperson & Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Note	For the three months ended		For the nine months ended	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
		-----Rupees-----			
Revenue - net	11	467,837,956	432,495,818	1,372,032,415	1,250,470,944
Cost of sales	12	(204,091,517)	(206,227,795)	(607,232,765)	(599,389,384)
Gross profit		263,746,439	226,268,023	764,799,650	651,081,560
Other operating income		18,157,515	20,615,448	67,632,629	59,293,010
Administrative expenses		(36,636,035)	(30,367,869)	(106,784,081)	(101,148,783)
Selling and distribution costs		(122,702,213)	(104,697,216)	(357,203,306)	(320,499,441)
Finance costs		(3,679,732)	(662,614)	(6,366,735)	(5,880,225)
Other expenses		(7,342,964)	(7,330,038)	(24,788,900)	(18,979,995)
Share in profit of Farmacia - 98% owned partnership firm		(1,851,096)	4,651,098	5,833,514	10,535,569
Profit before taxation		109,691,914	108,476,832	343,122,771	274,401,695
Taxation	13	(31,691,125)	(4,609,688)	(104,112,078)	(10,027,514)
Profit after taxation		78,000,788	103,867,144	239,010,692	264,374,181
Earnings per share - basic and diluted		2.58	3.44	7.92	8.76

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**CONDENSED INTERIM STATEMENT OF
 COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	For the three months ended		For the nine months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	-----Rupees-----			
Profit after taxation	78,000,788	103,867,144	239,010,692	264,374,181
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	78,000,788	103,867,144	239,010,692	264,374,181

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

Rawalpindi
 April 29, 2013

 Director

 Chairperson & Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	31 March 2013	31 March 2012
	-----Rupees-----	
Cash flow from operating activities		
Profit before taxation	343,122,771	274,401,695
Adjustments for:		
Depreciation	54,615,910	52,088,378
Amortisation	1,371,996	1,371,987
Gain on sale of property, plant and equipment	(3,291,845)	(3,478,305)
Finance costs	6,366,735	5,880,225
Provision for Workers' Profit Participation Fund	14,722,276	11,177,656
Provision for Workers' Welfare Fund	5,888,911	4,471,062
Provision for Central Research Fund	3,465,887	2,771,734
Gain on re-measurement of short term investments	(21,295,921)	(3,562,769)
Dividend income, profit on bank deposits and commissions	(13,291,451)	(10,726,185)
Markup on long term loan received	(29,753,411)	(41,525,751)
Share in profit of Farmacia - 98% owned subsidiary firm	(5,833,514)	(10,535,569)
	<u>12,965,573</u>	<u>7,932,463</u>
Cash generated from operations before working capital changes	356,088,344	282,334,158
Effect on cash flow due to working capital changes		
<i>(Increase) in current assets</i>		
Stores, spare parts and loose tools	(2,616,829)	(4,773,558)
Advances, deposits, prepayments and other receivables	(9,481,156)	(14,413,269)
Stock in trade	(133,626,559)	(27,413,459)
Trade debts - considered good	1,978,640	(21,663,445)
	<u>(143,745,904)</u>	<u>(68,263,731)</u>
<i>(Decrease) in current liabilities</i>		
Trade and other payables	(26,153,256)	(4,675,559)
	<u>(26,153,256)</u>	<u>(4,675,559)</u>
Cash generated from operations	186,189,184	209,394,868
Finance cost paid	(4,714,203)	(5,978,111)
Taxes paid	(13,295,790)	(14,781,218)
Payment for Workers' Profit Participation Fund	(16,458,583)	(14,423,344)
Payment for Workers' Welfare Fund	(6,556,251)	(5,402,441)
Central Research Fund paid	(4,267,418)	(3,399,132)
	<u>(45,292,245)</u>	<u>(43,984,246)</u>
Net cash generated from operating activities	140,896,939	165,410,622
Cash flow from investing activities		
Purchase of property, plant and equipment	(129,976,688)	(99,112,747)
Proceeds from sale of property, plant and equipment	3,754,980	5,011,414
Mark-up on long term loan received	33,884,476	44,964,434
Dividend income, profit on bank deposits and commissions received	13,291,451	10,726,185
Decrease in long term investments	-	25,000,000
Decrease in long term loan	40,000,000	50,000,000
Acquisition of short term investments	(95,608,382)	(63,050,246)
Proceeds from encashment of short term investments	-	12,538,445
Long term deposits	(185,500)	(3,100)
	<u>(134,839,662)</u>	<u>(13,925,616)</u>
Net cash (used in) investing activities	(134,839,662)	(13,925,616)
Cash flow from financing activities		
Repayment of long term financing	-	(42,562,500)
Receipt / (repayment) of short term borrowings	110,736,965	(37,805,811)
Dividend paid	(121,153,282)	(30,429,543)
	<u>(10,416,317)</u>	<u>(110,797,854)</u>
Net cash (used in) financing activities	(10,416,317)	(110,797,854)
Net (decrease)/increase in cash and cash equivalents	(4,359,040)	40,687,152
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	53,985,924	60,702,405

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Share capital	Capital reserve	Accumulated profit	Total
	-----Rupees-----			
Balance as at 01 July 2011	249,994,543	321,843	1,303,293,179	1,553,609,565
Total comprehensive income for the period	-	-	264,374,181	264,374,181
Surplus transferred to accumulated profit in respect of: -incremental depreciation charged during the period - net of tax	-	-	4,114,550	4,114,550
Transactions with owners:				
Final dividend for the year ended 30 June 2011 @ Rs. 1.25 per share	-	-	(31,249,532)	(31,249,532)
Bonus shares issued at 15 % for the year ended 30 June 2011	37,499,177	-	(37,499,177)	-
	37,499,177	-	(68,748,709)	(31,249,532)
Balance as at 31 March 2012	287,493,720	321,843	1,503,033,202	1,790,848,765
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	-	-	239,010,692	239,010,692
Surplus transferred to accumulated profit in respect of: -incremental depreciation charged during the period - net of tax	-	-	3,703,095	3,703,095
Transactions with owners:				
Final dividend for the year ended 30 June 2012 @ Rs. 4.50 per share	-	-	(129,372,174)	(129,372,174)
Bonus shares issued at 5% for the year ended 30 June 2012	14,374,690	-	(14,374,690)	-
	14,374,690	-	(143,746,864)	(129,372,174)
Balance as at 31 March 2013	301,868,410	321,843	1,747,488,302	2,049,678,555

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**SELECTED NOTES TO AND FORMING PART OF THE
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 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 the 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 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 do 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 2012. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 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 information for the nine months period ended on 31 March 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 2012.

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	Audited
31 March	30 June
2013	2012
-----Rupees-----	

3 Issued, subscribed and paid up capital

1,441,952 (30 June 2012: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 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
28,625,289 (30 June 2012: 27,187,820) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	271,878,200
	<u>301,868,410</u>	<u>287,493,720</u>

	Un-audited 31 March 2013	Audited 30 June 2012
Note	-----Rupees-----	
4 Surplus on revaluation of property, plant and equipment - net of tax		
Opening balance	410,814,534	419,254,636
Surplus transferred to accumulated profit in respect of:		
Incremental depreciation charged during the period / year		
- Net of deferred tax	(3,703,095)	(5,486,066)
- Related deferred tax liability	(1,993,974)	(2,954,036)
	(5,697,069)	(8,440,102)
	405,117,465	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 / year	1,993,974	2,954,036
	(24,614,570)	(26,608,544)
	380,502,895	384,205,990
5 Contingencies and commitments		
Contingencies:		
Guarantees issued by banks on behalf of the Company	800,000	640,500
Commitments:		
Letter of credits other than for capital expenditure	47,366,397	59,557,300
6 Property, plant and equipment		
Opening net book value	993,746,191	924,715,697
Additions during the period / year	129,976,688	143,900,808
	1,123,722,879	1,068,616,505
Written down value of disposals during the period / year	(463,135)	(5,277,301)
Depreciation for the period / year	(54,615,910)	(69,593,013)
	(55,079,045)	(74,870,314)
	1,068,643,834	993,746,191
6.1 Additions during the period / year		
Building on freehold land	2,151,294	11,853,001
Plant and machinery	1,437,653	11,113,326
Office equipments	1,316,999	2,436,708
Furniture and fixtures	124,889	1,067,067
Computers	1,141,365	3,290,879
Vehicles - owned	34,446,284	28,162,300
Capital work in progress	89,358,204	85,977,527
	129,976,688	143,900,808

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
7 Intangible assets			
Opening net book value		3,714,037	-
Additions during the period / year		-	5,543,356
Amortisation during the period / year		<u>(1,371,996)</u>	<u>(1,829,319)</u>
Closing net book value		<u>2,342,041</u>	<u>3,714,037</u>
8 Long term investments			
Investment in Farmacia	8.1	83,054,068	77,220,554
Investment in BF Biosciences Limited	8.2	<u>151,999,960</u>	<u>151,999,960</u>
		<u>235,054,028</u>	<u>229,220,514</u>
8.1 Investment in Farmacia			
Opening balance		77,220,554	82,555,954
Disinvestment during the period / year		-	(25,000,000)
Share in profit for the period / year		<u>5,833,514</u>	<u>19,664,600</u>
		<u>83,054,068</u>	<u>77,220,554</u>

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 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.839,630 (30 June 2012: Rs. 3,318,239) as receivables on account of expenses incurred on behalf of BF Biosciences Limited.

			Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----		
10 Short term investments				
Investments at fair value through profit and loss - listed securities	10.1		<u>390,768,830</u>	<u>273,864,527</u>

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

No. of units	Name of companies	Un-audited 31 March 2013		Audited 30 June 2012	
		Carrying value	Fair value	Carrying value	Fair value
		-----Rupees-----			
1,233,131	HBL Money Market Fund	116,976,197	125,394,921	110,354,912	116,976,197
2,589,370	HBL Income Fund	252,496,711	265,373,909	156,000,000	156,888,330
		<u>369,472,908</u>	<u>390,768,830</u>	266,354,912	273,864,527
	Unrealised gain on account of re-measurement to fair value	21,295,922	-	7,509,615	-
		<u>390,768,830</u>	<u>390,768,830</u>	<u>273,864,527</u>	<u>273,864,527</u>

	For the three months ended		For the nine months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	-----Rupees-----			

11 Revenue - net

Gross sales	516,478,299	470,588,643	1,517,936,317	1,351,431,376
Less: discount	<u>(48,640,343)</u>	<u>(38,092,825)</u>	<u>(145,903,902)</u>	<u>(100,960,432)</u>
	<u>467,837,956</u>	<u>432,495,818</u>	<u>1,372,032,415</u>	<u>1,250,470,944</u>

12 Cost of sales

Materials consumed	12.1	199,021,696	154,337,603	557,756,291	515,494,434
Manufacturing expenses		<u>50,759,864</u>	<u>40,627,503</u>	<u>130,825,289</u>	<u>116,886,555</u>
		<u>249,781,560</u>	<u>194,965,106</u>	<u>688,581,580</u>	<u>632,380,989</u>
Work in progress:					
Opening balance		31,741,309	16,457,247	23,928,962	11,929,149
Closing balance		<u>(35,573,454)</u>	<u>(15,919,192)</u>	<u>(35,573,454)</u>	<u>(15,919,192)</u>
		<u>(3,832,145)</u>	538,055	<u>(11,644,492)</u>	<u>(3,990,043)</u>
Cost of goods manufactured		<u>245,949,415</u>	<u>195,503,161</u>	<u>676,937,088</u>	<u>628,390,946</u>
Finished goods					
Opening balance		201,411,130	209,717,220	173,564,705	169,991,024
Closing balance		<u>(243,269,028)</u>	<u>(198,992,586)</u>	<u>(243,269,028)</u>	<u>(198,992,586)</u>
		<u>(41,857,898)</u>	10,724,634	<u>(69,704,323)</u>	<u>(29,001,562)</u>
		<u>204,091,517</u>	<u>206,227,795</u>	<u>607,232,765</u>	<u>599,389,384</u>

12.1 Material consumed

Opening balance	201,359,177	235,631,013	215,118,157	224,016,595
Purchases during the period	<u>217,989,443</u>	<u>134,668,324</u>	<u>562,965,058</u>	<u>507,439,573</u>
	<u>419,348,620</u>	<u>370,299,337</u>	<u>778,083,215</u>	<u>731,456,168</u>
Closing balance	<u>(220,326,924)</u>	<u>(215,961,734)</u>	<u>(220,326,924)</u>	<u>(215,961,734)</u>
	<u>199,021,696</u>	<u>154,337,603</u>	<u>557,756,291</u>	<u>515,494,434</u>

	Un-audited 31 March 2013	Audited 30 June 2012
-----Rupees-----		
13 Taxation		
Current	113,365,341	12,504,709
Deferred	(9,253,263)	(2,477,195)
	<u>104,112,078</u>	<u>10,027,514</u>

13.1 Pursuant to the insertion of clause 126F in Part-I of the Second Schedule of Income Tax Ordinance 2001, through the Finance Act 2010, the income of the Company was exempt from tax for three years commencing from the tax year 2010 to tax year 2012. Accordingly, the Company had not provided any normal tax liability on its taxable income for tax year 2010 to tax year 2012, whereas the current period tax provision has been provided under normal tax regime.

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:

	Un-audited 31 March 2013	Un-audited 31 March 2012
-----Rupees-----		
<u>Farmacia - 98% owned partnership firm</u>		
Sale of medicines	2,759,830	2,861,935
Share in profit	5,833,514	10,535,569
<u>BF Biosciences Limited - 80% owned subsidiary company</u>		
Long term loan and mark up payment	73,884,476	94,964,200
Sale of medicine to subsidiary	41,504,375	37,849,019
Sale of medicine by subsidiary	3,957,887	12,093,699
Management fee and expenses for sales promotion	4,773,270	35,859,798
<u>Other related parties</u>		
Contribution to employee provident fund	9,036,710	7,643,904
Remuneration including benefits and perquisites of key management personnel	37,818,000	33,795,000

15 Date of authorization

This condensed interim financial information has been authorized for issue by the board of directors of the Company on **April 29, 2013**.

16 General

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

Rawalpindi
 April 29, 2013

 Director

 Chairperson & Chief Executive



***Condensed Interim
Consolidated Financial
Information for the
Quarter/Nine Months
Ended March 31, 2013***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (30 June 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	4	301,868,410	287,493,720
Capital reserve		321,843	321,843
Accumulated profit		<u>1,887,430,164</u>	<u>1,744,227,890</u>
		2,189,620,417	2,032,043,453
Non-controlling interest		71,297,697	60,773,274
		<u>2,260,918,114</u>	<u>2,092,816,727</u>
Surplus on revaluation of property, plant and equipment - net of tax	5	380,502,895	384,205,990
Non current liabilities			
Deferred taxation		105,960,748	103,348,521
Current liabilities			
Trade and other payables		308,031,317	439,723,478
Short term borrowings - secured		144,943,273	-
		<u>452,974,590</u>	<u>439,723,478</u>
Contingencies and commitments	6	3,200,356,347	3,020,094,716

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

SHEET AS AT MARCH 31, 2013

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,522,292,497	1,479,534,613
Intangible assets	8	2,342,041	3,714,037
Long term deposits		7,729,100	7,543,600
		1,532,363,638	1,490,792,250
Current assets			
Stores, spare parts and loose tools		20,419,917	9,489,742
Stock in trade		873,508,607	583,051,961
Trade debts - considered good		201,824,742	325,691,298
Loans and advances - considered good		32,881,724	15,293,053
Deposits and prepayments		40,924,578	23,720,945
Advance income tax - net		28,636,060	119,205,063
Other receivables		4,935,606	9,985,159
Short term investments	9	392,861,792	345,247,322
Cash and bank balances		71,999,683	97,617,923
		1,667,992,709	1,529,302,466
		3,200,356,347	3,020,094,716

 Director

 Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Note	For the three months ended		For the nine months ended	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012
		-----Rupees-----			
Revenue - net	10	693,461,169	638,021,662	2,039,876,011	1,796,761,312
Cost of sales	11	(334,607,295)	(316,856,597)	(991,546,270)	(908,581,383)
Gross profit		358,853,875	321,165,065	1,048,329,740	888,179,929
Other operating income		8,836,913	8,078,745	39,762,997	20,062,952
Administrative expenses		(42,820,230)	(33,149,441)	(124,768,665)	(116,734,891)
Selling and distribution costs		(169,372,495)	(148,749,291)	(502,050,997)	(451,482,206)
Finance costs		(5,061,431)	(1,771,647)	(8,944,759)	(9,734,513)
Other expenses		(10,215,120)	(12,020,752)	(35,136,197)	(25,890,530)
Profit before taxation		140,221,513	133,552,680	417,192,119	304,400,741
Taxation	12	(40,841,602)	(9,335,366)	(123,421,654)	(20,265,315)
Profit after taxation		99,379,911	124,217,314	293,770,466	284,135,426
Attributable to:					
Shareholders of the parent company		95,386,643	120,071,343	283,246,043	280,095,666
Minority interest		3,993,268	4,145,971	10,524,423	4,039,761
		99,379,911	124,217,314	293,770,466	284,135,427
Earnings per share - basic and diluted		3.16	3.98	9.38	9.28

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

Rawalpindi
 April 29, 2013

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	For the three months ended		For the nine months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	-----Rupees-----			
Profit after taxation	99,379,911	124,217,314	293,770,466	284,135,426
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>99,379,911</u>	<u>124,217,314</u>	<u>293,770,466</u>	<u>284,135,426</u>
Attributable to:				
Shareholders of the parent company	283,246,043	120,071,343	283,246,043	280,095,666
Minority interest	<u>10,524,423</u>	<u>4,145,971</u>	<u>10,524,423</u>	<u>4,039,761</u>
	<u>293,770,466</u>	<u>124,217,314</u>	<u>293,770,466</u>	<u>284,135,427</u>

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	31 March 2013	31 March 2012
	-----Rupees-----	
Cash flow from operating activities		
Profit before taxation	417,192,119	304,400,741
Adjustments for:		
Depreciation	106,211,397	103,015,530
Amortisation	1,371,996	1,371,987
Gain on sale of property, plant and equipment	(3,718,745)	(3,478,305)
Finance costs	8,944,759	9,734,513
Provision for Workers' Profit Participation Fund	18,598,135	12,746,618
Provision for Workers' Welfare Fund	7,439,255	5,098,647
Provision for Central Research Fund	4,160,717	3,029,481
Gain on re-measurement of short term investments	(21,928,306)	(3,562,769)
Dividend income, profit on bank deposits and commissions	(14,115,945)	(13,016,878)
	<u>106,963,263</u>	<u>114,938,823</u>
Cash generated from operations before working capital changes	524,155,382	419,339,565
Effect on cash flow due to working capital changes		
<i>(Increase) in current assets</i>		
Stores, spare parts and loose tools	(10,930,175)	(4,971,344)
Advances, deposits, prepayments and other receivables	(29,742,751)	(15,585,678)
Stock in trade	(290,456,646)	(118,304,035)
Trade debts - considered good	123,866,556	(37,124,807)
	<u>(207,263,016)</u>	<u>(175,985,864)</u>
<i>(Decrease)/Increase in current liabilities</i>		
Trade and other payables	(135,819,210)	7,704,448
Cash generated from operations	181,073,157	251,058,148
Finance cost paid	(8,699,539)	(10,272,348)
Taxes paid	(30,240,423)	(29,654,784)
Payment for Workers' Profit Participation Fund	(21,350,985)	(23,439,661)
Payment for Workers' Welfare Fund	(8,273,120)	(5,402,441)
Central Research Fund paid	(4,988,847)	(5,080,396)
	<u>(73,552,914)</u>	<u>(73,849,630)</u>
Net cash generated from operating activities	107,520,243	177,208,518
Cash flow from investing activities		
Purchase of property, plant and equipment	(149,667,124)	(109,550,611)
Proceeds from sale of property, plant and equipment	4,416,587	5,007,921
Dividend income, profit on bank deposits and commissions received	14,115,946	13,070,916
Acquisition of short term investments	(113,608,382)	(63,050,246)
Proceeds from encashment of short term investments	88,000,000	23,049,649
Long term deposits	(185,500)	(3,100)
Net cash (used in) investing activities	(156,928,473)	(131,475,472)
Cash flow from financing activities		
Repayment of long term financing	-	(70,593,750)
Receipt / (repayment) of short term borrowings	144,943,273	(23,735,286)
Dividend paid	(121,153,282)	(30,429,542)
Net cash generated from/(used in) financing activities	23,789,991	(124,758,578)
Net decrease in cash and cash equivalents	(25,618,240)	(79,025,531)
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	71,999,683	76,368,672

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

	Share capital	Capital reserve	Accumulated profit	Total	Non controlling interest	Total
	-----Rupees-----					
Balance as at 01 July 2011	249,994,543	321,843	1,342,834,271	1,593,150,657	49,675,749	1,642,826,406
Total comprehensive income for the period	-	-	280,095,666	280,095,666	403,9761	284,135,427
Surplus transferred to accumulated profit in respect of: - incremental depreciation charged during the period - net of tax	-	-	4,114,550	4,114,550	-	4,114,550
Transactions with owners:						
Final dividend for the year ended 30 June 2011 @ Rs. 1.25 per share	-	-	(31,249,532)	(31,249,532)	-	(31,249,532)
Bonus shares issued at 15 % for the year ended 30 June 2011	37,499,177	-	(37,499,177)	-	-	-
	37,499,177	-	(68,748,709)	(31,249,532)	-	(31,249,532)
Balance as at 31 March 2012	287,493,720	321,843	1,558,285,778	1,846,111,341	53,715,510	1,899,826,849
Balance as at 01 July 2012	287,493,720	321,843	1,744,227,890	2,032,043,453	607,732,73.78	2,092,816,727
Total comprehensive income for the period	-	-	283,246,043	283,246,043	10,524,423	293,770,466
Surplus transferred to accumulated profit in respect of: - incremental depreciation charged during the period - net of tax	-	-	3,703,095	3,703,095	-	3,703,095
Transactions with owners:						
Final dividend for the year ended 30 June 2012 @ Rs. 4.50 per share	-	-	(129,372,174)	(129,372,174)	-	(129,372,174)
Bonus shares issued at 5% for the year ended 30 June 2012	14,374,690	-	(14,374,690)	-	-	-
	14,374,690	-	(143,746,864)	(129,372,174)	-	(129,372,174)
Balance as at 31 March 2013	301,868,410	321,843	1,887,430,164	2,189,620,417	71,297,697	2,260,918,114

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013**

1 The Group and its operation

Ferozsons Laboratories Limited ("the Parent 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 the 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 Pakthoon Khwa.

BF Biosciences Limited is an 80% owned subsidiary of the Parent 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 Parent 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 enterprises in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect or appoint more than 50% of its directors. 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 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 do 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 2012. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 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 consolidated financial information for the nine months period ended on 31 March 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,

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 2012.

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 31 March 2013	Audited 30 June 2012
	-----Rupees-----	
4 Issued, subscribed and paid up capital		
1,441,952 (30 June 2012: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 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
28,625,289 (30 June 2012: 27,187,820) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>286,252,890</u>	<u>271,878,200</u>
	<u>301,868,410</u>	<u>287,493,720</u>
5 Surplus on revaluation of property, plant and equipment - net of tax		
Opening balance	410,814,534	419,254,636
Surplus transferred to accumulated profit in respect of:		
Incremental depreciation charged during the period / year		
- Net of deferred tax	(3,703,095)	(5,486,066)
- Related deferred tax liability	(1,993,974)	(2,954,036)
	<u>(5,697,069)</u>	<u>(8,440,102)</u>
	405,117,465	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 / year	1,993,974	2,954,036
	<u>(24,614,570)</u>	<u>(26,608,544)</u>
	<u>380,502,895</u>	<u>384,205,990</u>
6 Contingencies and commitments		
Contingencies:		
Guarantees issued by banks on behalf of the Company	800,000	640,500
Guarantees issued by banks on behalf of the Company, BF Biosciences Limited	<u>49,347,684</u>	<u>33,839,434</u>
Commitments:		
Letter of credits other than for capital expenditure	<u>128,968,305</u>	<u>79,959,976</u>

	Un-audited 31 March 2013	Audited 30 June 2012
Note	-----Rupees-----	
7 Property, plant and equipment		
Opening net book value	1,479,534,613	1,465,485,976
Additions during the period / year	149,667,124	157,463,943
	<u>1,629,201,737</u>	<u>1,622,949,919</u>
Written down value of disposals during the period / year	(697,842)	(5,611,583)
Depreciation for the period / year	(106,211,397)	(137,803,723)
	<u>(106,909,240)</u>	<u>(143,415,306)</u>
	<u>1,522,292,497</u>	<u>1,479,534,613</u>
7.1 Additions during the period / year		
Building on freehold land	(1,867,267)	11,903,002
Plant and machinery	5,614,338	26,323,125
Office equipments	1,947,736	3,147,562
Furniture and fixtures	840,275	2,331,247
Computers	1,854,168	3,935,224
Vehicles - owned	51,739,670	34,981,300
Capital work in progress	89,538,204	74,842,483
	<u>149,667,124</u>	<u>157,463,943</u>
8 Intangible assets		
Opening net book value	3,714,037	-
Additions during the period / year	-	5,543,356
Amortisation during the period / year	(1,371,996)	(1,829,319)
Closing net book value	<u>2,342,041</u>	<u>3,714,037</u>

		Un-audited 31 March 2013	Audited 30 June 2012
	Note	-----Rupees-----	
9 Short term investments			
Investments at fair value through profit and loss - listed securities	9.1	<u>392,861,792</u>	<u>345,247,322</u>

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

No. of units	Name of companies	Un-audited 31 March 2013		Audited 30 June 2012		
		Carrying value	Fair value	Carrying value	Fair value	
1,242,121	2,381,699	HBL Money Market Fund	117,252,692	126,303,801	180,354,912	187,252,692
2,589,370	1,277,085	HBL Income Fund	252,496,711	265,373,909	156,000,000	156,888,330
118,162	110,415	ABL Cash Fund	1,106,300	1,184,082	1,081,338	1,106,300
			<u>370,855,703</u>	<u>392,861,792</u>	<u>337,436,250</u>	<u>345,247,322</u>
		Unrealised gain on account of re-measurement to fair value	22,006,088	-	7,811,072	-
			<u>392,861,792</u>	<u>392,861,792</u>	<u>345,247,322</u>	<u>345,247,322</u>

For the three months ended		For the nine months ended	
31 March 2013	31 March 2012	31 March 2013	31 March 2012

Note ----- Rupees -----

10 Revenue - net				
Gross sales	788,499,131	650,316,295	2,325,849,209	1,959,600,138
Less: discount	<u>(95,037,961)</u>	<u>(12,294,633)</u>	<u>(285,973,198)</u>	<u>(162,838,826)</u>
	<u>693,461,169</u>	<u>638,021,662</u>	<u>2,039,876,011</u>	<u>1,796,761,312</u>

11 Cost of sales					
Materials consumed	11.1	275,746,031	269,981,503	699,957,513	820,999,859
Manufacturing expenses		<u>98,913,264</u>	<u>87,214,773</u>	<u>266,302,830</u>	<u>241,914,207</u>
		<u>374,659,295</u>	<u>357,196,276</u>	<u>966,260,343</u>	<u>1,062,914,066</u>
Work in progress:					
Opening balance		133,726,979	35,090,055	57,088,668	31,773,388
Closing balance		<u>(150,772,177)</u>	<u>(88,249,299)</u>	<u>(150,772,177)</u>	<u>(88,249,299)</u>
		<u>(17,045,198)</u>	<u>(53,159,244)</u>	<u>(93,683,509)</u>	<u>(56,475,911)</u>
Cost of goods manufactured		<u>357,614,097</u>	<u>304,037,032</u>	<u>872,576,834</u>	<u>1,006,438,155</u>
Finished goods					
Opening balance		297,895,428	374,467,621	263,156,413	263,791,283
Purchases		90,443,545	-	267,158,798	-
Closing balance		<u>(411,345,775)</u>	<u>(361,648,055)</u>	<u>(411,345,775)</u>	<u>(361,648,055)</u>
		<u>(23,006,802)</u>	<u>12,819,566</u>	<u>118,969,436</u>	<u>(97,856,772)</u>
		<u>334,607,295</u>	<u>316,856,597</u>	<u>991,546,270</u>	<u>908,581,383</u>

11.1 Material consumed

Opening balance	248,867,576	282,621,932	255,682,554	261,125,156
Purchases during the period	<u>285,304,829</u>	<u>236,254,537</u>	<u>702,701,333</u>	<u>808,769,669</u>
	<u>534,172,405</u>	<u>518,876,469</u>	<u>958,383,887</u>	<u>1,069,894,825</u>
Closing balance	<u>(258,426,374)</u>	<u>(248,894,966)</u>	<u>(258,426,374)</u>	<u>(248,894,966)</u>
	<u>275,746,031</u>	<u>269,981,503</u>	<u>699,957,513</u>	<u>820,999,859</u>

		Un-audited 31 March 2013	Un-audited 31 March 2012
	Note	-----Rupees-----	
12 Taxation			
Current	12.1	120,809,426	12,504,709
Deferred		2,612,227	(2,477,195)
		<u>123,421,654</u>	<u>10,027,514</u>

12.1 Pursuant to the insertion of clause 126F in Part-I of the Second Schedule of Income Tax Ordinance 2001, through the Finance Act 2010, the income of the Company was exempt from tax for three years commencing from the tax year 2010 to tax year 2012. Accordingly, the Company had not provided any normal tax liability on its taxable income for tax year 2010 to tax year 2012, whereas the current period tax provision has been provided under normal tax regime.

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:

		Un-audited 31 March 2013	Un-audited 31 March 2012
		-----Rupees-----	
<u>Other related parties</u>			
Contribution to employee provident fund		11,273,670	11,048,601

14 Date of authorization

This condensed interim consolidated financial information has been authorized for issue by the board of directors of the Company on **April 29, 2013**.

15 General

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

Rawalpindi
April 29, 2013

Director

Chairperson & Chief Executive

PEOPLE
TRUST
US

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



FEROZSONS
LABORATORIES LIMITED

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