



***Condensed Interim
Unconsolidated
Financial Information
for the Quarter/Six Months
Ended December 31, 2012***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE FINANCIAL INFORMATION FOR THE QUARTER & HALF YEAR ENDED DECEMBER 31, 2012

We are pleased to present your Company's Individual and consolidated financial information for the six months & quarter ended December 31, 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 year and appropriation of the divisible profits is given below:

	Individual				Consolidated			
	3 Months 31-Dec-12	3 Months 31-Dec-11	6 Months 31-Dec-12	6 Months 31-Dec-11	3 Months 31-Dec-12	3 Months 31-Dec-11	6 Months 31-Dec-12	6 Months 31-Dec-11
	(Rupees in thousands)							
Sales (net)	507,962	423,324	904,194	817,975	756,674	602,770	1,346,415	1,158,740
Gross Profit	282,835	211,228	501,053	424,814	380,883	267,081	689,476	567,015
Profit before tax	128,967	67,656	233,431	165,925	145,582	50,841	276,971	170,848
Taxation	(44,069)	(3,428)	(72,421)	(5,418)	(43,352)	61	(82,580)	(10,930)
Profit after tax	84,897	64,228	161,010	160,507	102,230	50,902	194,391	159,918

Net Sales of your Company grew by 20% for the 2nd Quarter under review versus the same quarter of last year, whereas for the half-year ended 31st December, Net Sales showed an increase of 11% in comparison with the same period last year. At the group level, the consolidated net sales for the half-year stood at Rs. 1.346 Billion, an increase 16% over the six months ended December 31, 2011.

In contrast to the higher growth in sales, the cost of sales of your Company showed an increase of 6% during the 2nd quarter and by 3% overall during the six months ended December 31, 2012. This control in the Cost of Sales was mainly a result of an overall improvement in the company's sales mix. Sales growth achieved was largely through increased sales of the more profitable brands in the Pharma Division, and Exports, which carry a relatively higher GP margin.

Administrative Expenses and Financial expenses of the company declined by -1% and -49% respectively during the half year, while Selling and Distribution costs increased by 9% during the 6 Months. Accordingly, Profit Before Tax of your Company increased by 41% for the six month period in comparison with same period of last year.

However, owing to the discontinuation of tax exemptions granted to companies operating in terrorism hit areas in the Khyber Pukhtoon Khwa, the company's provision for taxation increased by from 5.4 Million for the six months ended December 31, 2011 to Rs. 72.42 Million during the half-year under review. Consequently, Net Profit after Tax (NPAT) has increased by only 2% in 2nd Quarter and by 0.3% for the six months ended December 31, 2012. NPAT stood at Rs. 84.89 Million and Rs. 161.01 Million for the quarter and half-year, respectively.

Based on the net profit for the six months ended December 31, 2012, the Earnings per Share (EPS), both basic and diluted, stand at 2.81 compared to EPS of Rs. 2.23 of same respective period of last year, on the enhanced capital of Rs. 301.868 Million after the issuance of bonus share during the quarter.

BF Biosciences Limited Operational Status

Net Sales of BF Biosciences Limited were Rs. 217.55 Million for the Quarter, a growth of 49% versus the same quarter of last year, and Rs. 384.55 Million for the six months ended December 31, 2012 an increase of 37% over the first six months of last year.

Cost of Sales of the subsidiary grew by 26% for the quarter and 40% over the six months period. In addition to inflation and the depreciation of the rupee, the production costs at the facility are under increasing pressure

owing to the shortage of both electricity and gas, forcing the unit to rely on diesel-fuelled power and well as steam generation. However, we are glad to report that the increase in sales have helped the company to absorb these higher costs for the time being. Profit After Tax of BF Biosciences Limited stood at Rs. 32.012 Million for the 6 month period.

Future Outlook

Pharmaceuticals continue to be among the worst hit industries in the current unstable scenario of the country. In addition to problems related to energy shortages, the security situation and low economic growth, this industry remains hostage to regulatory factors that are entirely linked to basic governance.

Despite spiraling costs, the industry has not been granted an across-the-board adjustment for inflation since 2001. For the last nearly two years since the devolution of healthcare, it suffered the ignominy of being a regulated industry without a regulator. As a consequence, new drug registrations, pricing applications, and regulatory mechanisms came to a virtual stands till. Although the Drugs Regulatory Agency of Pakistan was officially formed in December 2012, it is still without a full-time Chief Executive today.

As elections draw near, there is unfortunately little hope of an improvement in the regulatory environment in the short term. We remain optimistic, however, that as a new government is sworn in with a full 5 year term, it will focus on issues of governance, and will encourage economic growth and investment in quality manufacturing through a transparent policy-making process.

Acknowledgments

We are privileged to recognize the tireless efforts of the Company's management and staff at all levels. Without their dedication and hard work, the financial and operational 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. We also thank our vendors, distributors and financial institutions for their extended cooperation.

For and on behalf of the Board of Directors

Lahore
February 08, 2013

(Mrs. Akhter Khalid Waheed)
Chairperson & CEO

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Ferozsons Laboratories Limited** ("the Company") as at December 31, 2012 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after referred to as "interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim unconsolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months period ended December 31, 2012, in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Lahore
February 08, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

CONDENSED INTERIM UNCONSOLIDATED BALANCE

		Un-Audited December 31, 2012	Audited June 30, 2012
	Note	-----Rupees-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (June 30, 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	301,868,410	287,493,720
Capital reserve		321,843	321,843
Accumulated profit		<u>1,668,253,149</u>	<u>1,648,521,379</u>
		<u>1,970,443,402</u>	<u>1,936,336,942</u>
Surplus on revaluation of property, plant and equipment - net of tax	4	381,737,260	384,205,990
Non current liabilities			
Deferred taxation		78,399,326	84,382,188
Current liabilities			
Trade and other payables		<u>247,714,455</u>	<u>205,663,630</u>
Short term borrowings - secured		<u>58,770,444</u>	<u>-</u>
		<u>306,484,902</u>	<u>205,663,630</u>
Contingencies and commitments	5	-	-
		<u>2,737,064,890</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.

SHEET (UN-AUDITED) AS AT DECEMBER 31, 2012

	Un-Audited December 31, 2012	Audited June 30, 2012
Note	-----Rupees-----	
ASSETS		
Non-current assets		
Property, plant and equipment	6 1,018,195,371	993,746,191
Intangible assets	7 2,799,373	3,714,037
Long term investments	8 236,905,124	229,220,514
Long term loan	285,000,000	325,000,000
Long term deposits	3,599,100	3,596,600
	<u>1,546,498,968</u>	<u>1,555,277,342</u>
Current assets		
Stores, spare parts and loose tools	7,589,443	6,243,122
Stock in trade	456,627,299	415,453,467
Trade debts - considered good	158,571,876	106,334,607
Current portion of long term loan	50,000,000	50,000,000
Loans and advances - considered good	15,527,165	11,780,777
Deposits and prepayments	22,447,848	15,592,306
Mark-up accrued	9,449,978	12,640,290
Advance income tax - net	18,459,462	91,753,952
Other receivables	9 13,272,161	13,303,396
Short term investments	10 383,675,072	273,864,527
Cash and bank balances	54,945,618	58,344,964
	<u>1,190,565,922</u>	<u>1,055,311,408</u>
	<u>2,737,064,890</u>	<u>2,610,588,750</u>

Director

Chairperson & CEO

**CONDENSED INTERIM UNCONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Note	For the Six months ended		For the Three months ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Rupees					
Revenue- net	11	904,194,459	817,975,126	507,961,759	423,324,162
Cost of sales	12	(403,141,248)	(393,161,589)	(225,126,763)	(212,096,607)
Gross profit		501,053,211	424,813,537	282,834,996	211,227,555
Other operating income		49,475,114	38,677,562	29,466,292	23,469,280
Administrative expenses		(70,148,046)	(70,780,914)	(39,369,238)	(35,863,762)
Selling and distribution costs		(234,501,093)	(215,802,225)	(137,398,282)	(128,855,199)
Finance costs		(2,687,003)	(5,217,611)	(2,108,538)	(2,852,066)
Other expenses		(17,445,936)	(11,649,957)	(7,914,886)	(3,210,370)
Share in profit of Farmacia - 98% owned partnership firm		7,684,610	5,884,471	3,456,275	3,740,634
Profit before taxation		233,430,857	165,924,863	128,966,619	67,656,072
Taxation	13	(72,420,953)	(5,417,826)	(44,069,929)	(3,427,735)
Profit after taxation		161,009,904	160,507,037	84,896,690	64,228,337
Earnings per share - basic and diluted	Rupees	5.33	5.58	2.81	2.23

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

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM UNCONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	For the Six months ended		For the Three months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	-----Rupees-----			
Profit after tax	161,009,904	160,507,037	84,896,690	64,228,337
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	161,009,904	160,507,037	84,896,690	64,228,337

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

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Un-Audited December 31,2012	Un-Audited December 31,2011
	-----Rupees-----	
Cash flow from operating activities		
Profit before taxation	233,430,857	165,924,863
Adjustments for:		
Depreciation	35,945,573	34,465,439
Amortisation	914,664	914,655
Gain on sale of property, plant and equipment	(1,846,057)	(1,370,306)
Finance costs	2,687,003	5,217,611
Provision for Workers' Profit Participation Fund	9,685,853	6,650,639
Provision for Workers' Welfare Fund	3,874,341	2,660,256
Provision for Central Research Fund	2,357,887	1,676,009
Gain on re-measurement of short term investments	(14,202,163)	(1,655,486)
Dividend income, profit on bank deposits and commissions	(12,189,825)	(6,766,291)
Interest income	(21,237,068)	(28,885,478)
Share in profit of Farmacia - 98% owned subsidiary firm	(7,684,610)	(5,884,471)
	<u>(1,694,402)</u>	<u>7,022,577</u>
Cash generated from operations before working capital changes	231,736,455	172,947,440
Effect on cash flow due to working capital changes		
<i>Increase in current assets</i>		
Stores, spare parts and loose tools	(1,346,321)	(1,549,152)
Advances, deposits, prepayments and other receivables	(10,570,697)	(18,088,180)
Stock in trade	(41,173,832)	(55,399,088)
Trade debts - considered good	(52,237,269)	(46,623,360)
	<u>(105,328,119)</u>	<u>(121,659,780)</u>
<i>Increase in current liabilities</i>		
Trade and other payables	28,988,284	50,133,619
Cash generated from operations	155,396,620	101,421,279
Finance cost paid	(1,446,813)	(5,534,034)
Taxes paid	(5,109,325)	(7,105,552)
Payment for Workers' Profit Participation Fund	(6,990,000)	(14,245,879)
Payment for Workers' Welfare Fund	(6,556,251)	(5,579,906)
Payment for Central Research Fund	-	(3,399,132)
	<u>(20,102,389)</u>	<u>(35,864,503)</u>
Net cash generated from operating activities	135,294,231	65,556,776
Cash flow from investing activities		
Purchase of property, plant and equipment	(60,732,226)	(63,089,906)
Proceeds from sale of property, plant and equipment	2,183,530	1,741,464
Mark-up on long term loan received	24,427,380	30,711,107
Dividend income, profit on bank deposits and commissions received	12,189,825	6,766,292
Decrease in long term investments	-	25,000,000
Decrease in long term loan receivables	40,000,000	50,000,000
Acquisition of short term investments	(95,608,381)	(63,932,988)
Proceeds from encashment of short term investments	-	13,448,183
Long term deposits paid	(2,500)	-
Net cash (used in)/generated from investing activities	(77,542,372)	644,152
Cash flow from financing activities		
Repayment of long term financing	-	(28,375,000)
Receipt / (repayment) of short term borrowings	58,770,444	(13,763,001)
Dividend paid	(119,921,649)	(30,377,428)
Net cash used in financing activities	(61,151,205)	(72,515,429)
Net decrease in cash and cash equivalents	(3,399,346)	(6,314,501)
Cash and cash equivalents at the beginning of the year	58,344,964	20,015,253
Cash and cash equivalents at the end of the year	<u>54,945,618</u>	<u>13,700,752</u>

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

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Share capital	Capital reserve	Accumulated profit	Total
	Rupees			
Balance as at July 01, 2011	249,994,543	321,843	1,303,293,179	1,553,609,565
Total Comprehensive income for the year	-	-	160,507,037	160,507,037
Surplus transferred to accumulated profit in respect of : -incremental depreciation charged during the period- net of tax	-	-	2,743,033	2,743,033
Transaction with owners:				
Final dividend for the year ended June 30, 2011 @ Rs. 1.25 per share	-	-	(31,249,532)	(31,249,532)
Bonus shares issued at 15 % for the year ended June 30, 2011	37,499,177	-	(37,499,177)	-
	37,499,177	-	(68,748,709)	(31,249,532)
Balance as at December 31, 2011	287,493,720	321,843	1,397,794,541	1,685,610,104
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	-	-	161,009,904	161,009,904
Surplus transferred to accumulated profit in respect of : -incremental depreciation charged during the period- net of tax	-	-	2,468,730	2,468,730
Transaction with owners:				
Final dividend for the year ended June 30, 2012 @ Rs. 4.50 per share	-	-	(129,372,174)	(129,372,174)
Bonus shares issued at 5% for the year ended June 30, 2012	14,374,690	-	(14,374,690)	-
	14,374,690	-	(143,746,864)	(129,372,174)
Balance as at December 31, 2012	301,868,410	321,843	1,668,253,149	1,970,443,402

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

Lahore

Director

Chairperson & CEO

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

1. LEGAL STATUS AND NATURE OF BUSINESS

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 8, 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 Amanghar, Nowshera, Khyber Pakhtoon Khwa.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated 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 unconsolidated 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 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 unconsolidated financial information for the six months period ended on December 31, 2011.

This condensed interim unconsolidated 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 and estimates

The accounting policies and estimates adopted for the preparation of these condensed interim financial statements is the same as those applied in preparation of financial statements for the year ended June 30, 2012.

	Un-Audited	Audited
	December 31, 2012	June 30, 2012
	-----Rupees-----	
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
28,625,289 (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 December 31, Note 2012	Audited June 30, 2012
	-----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	(2,468,730)	(5,486,066)
- Related deferred tax liability	(1,329,316)	(2,954,036)
	<u>(3,798,046)</u>	<u>(8,440,102)</u>
	407,016,488	410,814,534
Related deferred tax liability:		
- On revaluation as at July 01	(26,608,544)	(29,562,580)
- Transferred to accumulated profit on: Incremental depreciation charged during the period/year	1,329,316	2,954,036
	<u>(25,279,228)</u>	<u>(26,608,544)</u>
	<u>381,737,260</u>	<u>384,205,990</u>
5. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
Guarantees issued by banks on behalf of the Company	640,500	640,500
	<u>640,500</u>	<u>640,500</u>
Commitments:		
Letter of credits other than for capital expenditure	84,617,945	59,557,300
	<u>84,617,945</u>	<u>59,557,300</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	993,746,191	924,715,697
Additions during the period/year	6.1 60,732,226	143,900,808
	1,054,478,417	1,068,616,505
Written down value of disposals during the period/year	(337,473)	(5,277,301)
Depreciation for the period/year	(35,945,573)	(69,593,013)
	<u>(36,283,046)</u>	<u>(74,870,314)</u>
	<u>1,018,195,371</u>	<u>993,746,191</u>

	Un-Audited December 31, Note 2012	Audited June 30, 2012
	-----Rupees-----	
6.1 Additions during the period/year		
Building on freehold land	2,151,294	11,853,001
Plant and machinery	1,045,653	11,113,326
Office equipments	851,585	2,436,708
Furniture and fixtures	124,889	1,067,067
Computers	478,736	3,290,879
Vehicles-owned	21,309,585	28,162,300
Capital work in progress-at cost	34,770,484	85,977,527
	<u>60,732,226</u>	<u>143,900,808</u>
7. INTANGIBLE ASSETS		
Opening net book value	3,714,037	-
Additions during the period/year	-	5,543,356
Amortization during the period/year	(914,664)	(1,829,319)
Closing net book value	<u>2,799,373</u>	<u>3,714,037</u>
8. LONG TERM INVESTMENTS		
Investment in Farmacia	8.1 84,905,164	77,220,554
Investment in BF Biosciences Limited	8.2 151,999,960	151,999,960
	<u>236,905,124</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	7,684,610	19,664,600
	<u>84,905,164</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 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.5,312,806 (June 30, 2012:Rs.3,318,239) as receivables on account of expenses incurred on behalf of BF Biosciences Limited.

Un-Audited Audited
December 31, June 30,
Note 2012 2012
 -----Rupees-----

10. SHORT TERM INVESTMENTS

Investments at fair value through profit or loss - listed securities 10.1 **383,675,072** **273,864,527**

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

Un-Audited December 31, 2012	Audited June 31, 2012	Name of Companies	Un-Audited December 31, 2012		Audited June 31, 2012	
			Carrying value	Fair value	Carrying value	Fair value
-----Rupees-----						
1,215,402	1,137,210	HBL Money Market Fund	116,976,197	123,009,789	110,354,912	116,976,197
2,551,789	1,277,085	HBL Income Fund	252,496,711	260,665,283	156,000,000	156,888,330
			<u>369,472,908</u>	<u>383,675,072</u>	<u>266,354,912</u>	<u>273,864,527</u>
		Unrealised gain on account of re-measurement to fair value	<u>14,202,164</u>		<u>7,509,615</u>	
			<u>383,675,072</u>	<u>383,675,072</u>	<u>273,864,527</u>	<u>273,864,527</u>

11. REVENUE - net

Note	For the Six months ended		For the Three months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees-----				
Gross sales	<u>1,001,458,018</u>	<u>880,869,172</u>	<u>558,279,211</u>	<u>457,309,750</u>
Discount	<u>(97,263,559)</u>	<u>(62,894,045)</u>	<u>(50,317,452)</u>	<u>(33,985,588)</u>
	<u>904,194,459</u>	<u>817,975,126</u>	<u>507,961,759</u>	<u>423,324,162</u>

12. COST OF SALES

Work in progress:				
Opening	<u>23,928,962</u>	<u>11,929,149</u>	<u>35,217,865</u>	<u>19,668,498</u>
Closing	<u>(31,741,309)</u>	<u>(16,457,247)</u>	<u>(31,741,309)</u>	<u>(16,457,247)</u>
	<u>(7,812,347)</u>	<u>(4,528,098)</u>	<u>3,476,556</u>	<u>3,211,251</u>
Raw materials consumed 12.1	<u>358,734,595</u>	<u>361,156,831</u>	<u>202,805,630</u>	<u>197,303,727</u>
Other manufacturing expenses	<u>80,065,425</u>	<u>76,259,052</u>	<u>40,778,321</u>	<u>41,828,494</u>
Cost of goods manufactured	<u>430,987,673</u>	<u>432,887,785</u>	<u>247,060,507</u>	<u>242,343,472</u>
Finished stock:				
Opening	<u>173,564,705</u>	<u>169,991,024</u>	<u>179,477,386</u>	<u>179,470,355</u>
Closing	<u>(201,411,130)</u>	<u>(209,717,220)</u>	<u>(201,411,130)</u>	<u>(209,717,220)</u>
	<u>(27,846,425)</u>	<u>(39,726,196)</u>	<u>(21,933,744)</u>	<u>(30,246,865)</u>
	<u>403,141,248</u>	<u>393,161,589</u>	<u>225,126,763</u>	<u>212,096,607</u>

12.1 Raw Material consumed

Opening stock	<u>215,118,157</u>	<u>224,016,595</u>	<u>186,781,944</u>	<u>239,446,293</u>
Add: purchases	<u>344,975,615</u>	<u>372,771,249</u>	<u>217,382,863</u>	<u>193,488,447</u>
	<u>560,093,772</u>	<u>596,787,844</u>	<u>404,164,807</u>	<u>432,934,740</u>
Less: closing stock	<u>(201,359,177)</u>	<u>(235,631,013)</u>	<u>(201,359,177)</u>	<u>(235,631,013)</u>
	<u>358,734,595</u>	<u>361,156,831</u>	<u>202,805,630</u>	<u>197,303,727</u>

	Un-Audited December 31, 2012	Un-Audited December 31, 2011
	-----Rupees-----	
13. Taxation		
Current	78,403,815	8,179,751
Deferred	(5,982,862)	(2,761,925)
	<u>72,420,953</u>	<u>5,417,826</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 else where in the accounts. Transactions with related parties during the period are as follows:

Farmacia-98% owned partnership firm

Sale of medicines	2,449,491	798,364
Share in profit	7,684,610	5,884,471

BF Biosciences Limited-80% owned subsidiary company

Long term loan	64,427,380	80,521,460
Sale of medicine to subsidiary	23,897,000	26,079,450
Sale of medicine by subsidiary	2,071,129	5,678,272
Management fee and expenses for sales promotion.	3,358,368	10,612,848

Other related parties

Contribution to employee provident fund	11,734,034	9,900,366
Remuneration including benefits and perquisites of key management personnel	8,964,000	7,870,000

15. DATE OF AUTHORIZATION

This condensed interim unconsolidated financial information has been authorized for issue by the board of directors of the Company on February 08, 2013.

16. GENERAL

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

Lahore

Director

Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter/Six Months
Ended December 31, 2012***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

	Un-Audited December 31, 2012	Audited June 30, 2012
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up capital	3 301,868,410	287,493,720
Capital reserve	321,843	321,843
Accumulated profit	1,790,809,156	1,744,227,890
	2,092,999,409	2,032,043,453
Non-controlling interest	67,304,429	60,773,274
	2,160,303,838	2,092,816,727
Surplus on revaluation of property, plant and equipment - net of tax	4 381,737,260	384,205,990
Non current liabilities		
Deferred liability for taxation	101,965,918	103,348,521
Current liabilities		
Trade and other payables	364,949,579	439,723,478
Short term borrowings - secured	85,378,170	-
	450,327,749	439,723,478
Contingencies and commitments	11 -	-
	3,094,334,765	3,020,094,716

The annexed notes 1 to 13 form an integral part of these financial statements.

SHEET AS AT DECEMBER 31, 2012

		Un-Audited December 31, 2012	Audited June 30, 2012
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,486,507,814	1,479,534,613
Intangible assets	6	2,799,373	3,714,037
Long term deposits		7,546,100	7,543,600
		<u>1,496,853,287</u>	<u>1,490,792,250</u>
Current assets			
Stores, spare parts and loose tools		16,156,559	9,489,742
Stock in trade		703,386,065	583,051,961
Trade debts-considered good		293,911,774	325,691,298
Loans and advances-considered good		19,932,211	15,293,053
Deposits and prepayments		40,922,397	23,720,945
Advance income tax - net		49,888,420	119,205,063
Other receivables		9,957,538	9,985,159
Short term investments	7	385,728,390	345,247,322
Cash and bank balances		77,598,124	97,617,923
		<u>1,597,481,478</u>	<u>1,529,302,466</u>
		<u><u>3,094,334,765</u></u>	<u><u>3,020,094,716</u></u>

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Note	For the Three months ended		For the Six months ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
-----Rupees-----					
Revenue-net	8	756,674,069	602,770,075	1,346,414,841	1,158,739,650
Cost of sales	9	(375,791,508)	(335,688,717)	(656,938,976)	(591,724,786)
Gross profit		380,882,562	267,081,359	689,475,866	567,014,865
Other operating income		22,033,752	38,621,091	30,926,083	40,869,685
Administrative expenses		(46,051,160)	(46,443,416)	(81,948,435)	(83,585,450)
Selling and distribution cost		(195,858,765)	(172,686,636)	(332,678,501)	(302,732,915)
Finance cost		(2,841,790)	(33,038,736)	(3,883,328)	(36,848,344)
Other expenses		(12,582,607)	(2,692,655)	(24,921,077)	(13,869,778)
Profit before taxation		145,581,992	50,841,006	276,970,607	170,848,062
Provision for taxation		(43,352,186)	60,776	(82,580,052)	(10,929,949)
Profit after taxation		102,229,806	50,901,782	194,390,555	159,918,112
Attributable to:					
Shareholders of the parent company		98,323,570	53,590,520	187,859,400	160,024,323
Non-controlling interest		3,906,236	(2,688,738)	6,531,155	(106,210)
		<u>102,229,806</u>	<u>50,901,782</u>	<u>194,390,555</u>	<u>159,918,113</u>
Earnings per share - basic and diluted		<u>3.26</u>	<u>1.78</u>	<u>6.22</u>	<u>5.30</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	For the Three months ended		For the Six months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Note	-----Rupees-----			
Profit after tax	102,229,806	50,901,782	187,859,400	160,024,323
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>102,229,806</u>	<u>50,901,782</u>	<u>187,859,400</u>	<u>160,024,323</u>
Attributable to:				
Shareholders of the Parent Company	98,323,570	53,590,520	187,859,400	160,024,323
Non-controlling interest	3,906,236	(2,688,738)	6,531,155	(106,210)
	<u>102,229,806</u>	<u>50,901,782</u>	<u>194,390,555</u>	<u>159,918,113</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Un-Audited December 31,2012	Un-Audited December 31,2011
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	276,970,607	170,848,062
Adjustments for:		
Depreciation	71,137,321	68,225,296
Amortisation	914,664	914,658
(Gain) on sale of property, plant and equipment	(2,017,457)	(1,370,306)
Finance costs	3,883,328	36,848,344
Provision for Workers' Profit Participation Fund	11,977,835	6,819,416
Provision for Workers' Welfare Fund	4,791,134	2,727,767
Provision for Central Research Fund	2,758,065	1,697,462
(Gain) on re-measurement of short term investments	(14,817,261)	(1,601,448)
Dividend income, profit on bank deposits and commissions	(14,091,365)	(37,897,931)
	<u>64,536,264</u>	<u>76,363,259</u>
Profit before working capital changes	341,506,871	247,211,320
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(6,666,817)	(797,840)
Loans, advances, deposits and prepayments	(21,812,990)	(10,818,639)
Stock in trade	(120,334,103)	(102,712,739)
Trade debts - considered good	31,779,524	(58,889,745)
	<u>(117,034,386)</u>	<u>(173,218,963)</u>
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(85,766,763)	40,456,719
	<u>(85,766,763)</u>	<u>40,456,719</u>
Cash generated from operations	138,705,722	114,449,076
Finance cost paid	(3,883,328)	(37,133,337)
Taxes paid	(14,646,012)	(15,770,056)
Workers' Profit Participation Fund paid	(9,767,000)	(23,262,196)
Workers' Welfare Fund paid	(8,273,120)	(5,579,906)
Central Research Fund paid	-	(5,080,396)
	<u>(36,569,460)</u>	<u>(86,825,891)</u>
Net cash generated from operating activities	102,136,262	27,623,185
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(78,682,702)	(71,242,241)
Proceeds from sale of property, plant and equipment	2,589,637	1,748,964
Dividend income, profit on bank deposits and commissions	14,091,365	37,897,931
Acquisition of short term investments	(113,608,382)	(63,932,988)
Proceeds from encashment of short term investments	88,000,000	23,959,387
Long term deposits	(2,500)	-
	<u>(87,612,582)</u>	<u>(71,568,947)</u>
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(47,062,500)
Proceeds from short term borrowings	85,378,170	14,429,465
Dividend paid	(119,921,649)	(30,377,428)
	<u>(34,543,479)</u>	<u>(63,010,463)</u>
Net cash used in financing activities		
Net (decrease) in cash and cash equivalents	(20,019,799)	(106,956,225)
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	77,598,124	48,437,979

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	Share capital	Capital reserve	Accumulated profit	Total	Non-controlling interest	Total
	Rupees					
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	-	-	160,024,323	160,024,323	(106,210)	159,918,113
Surplus transferred to unappropriated profit in respect of : - Incremental depreciation charged during the period- net of tax	-	-	2,743,033	2,743,033	-	2,743,033
Transaction with owners						
Interim 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	37,499,178	-	(37,499,178)	-	-	-
	37,499,178	-	(68,748,710)	(31,249,532)	-	(31,249,532)
Balance as at December 31, 2011	<u>287,493,720</u>	<u>321,843</u>	<u>1,436,852,917</u>	<u>1,724,668,478</u>	<u>49,569,539</u>	<u>1,774,238,017</u>
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	-	-	187,859,400	187,859,400	6,531,155	194,390,555
Surplus transferred to unappropriated profit in respect of : - Incremental depreciation charged during the period- net of tax	-	-	2,468,730	2,468,730	-	2,468,730
Transaction 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 December 31, 2012	<u>301,868,410</u>	<u>321,843</u>	<u>1,790,809,156</u>	<u>2,092,999,409</u>	<u>67,304,429</u>	<u>2,160,303,838</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore

Director

Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED
 INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 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 six months period ended December 31, 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.

Un-Audited	Audited
December 31,	June 30,
2012	2012
-----Rupees-----	

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
28,625,289 (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 December 31, 2012	Audited June 30, 2012
Note	-----Rupees-----	
4. 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/year		
- Net of deferred tax	(2,468,730)	(5,486,066)
- Related deferred tax liability	(1,329,316)	(2,954,036)
	(3,798,046)	(8,440,102)
	407,016,488	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/year	1,329,316	2,954,036
	(25,279,228)	(26,608,544)
Surplus on revaluation of property, plant and equipment as at 31 December/30 June	381,737,260	384,205,990
5. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	1,479,534,613	1,465,485,976
Additions during the period/year	78,682,702	157,463,943
	1,558,217,315	1,622,949,919
Written down value of disposals during the period/year	(572,180)	(5,611,583)
Depreciation for the period/year	(71,137,321)	(137,803,723)
	(71,709,501)	(143,415,306)
	1,486,507,814	1,479,534,613
5.1 Additions and transfers during the period represents:		
Building on freehold land	2,151,294	11,903,002
Plant and machinery	1,732,543	26,323,125
Office equipments	1,367,210	3,147,562
Furniture and fixtures	641,841	2,331,247
Computers	205,919	3,935,224
Vehicles-owned	36,484,411	34,981,300
Capital work in progress	36,099,484	74,842,483
	78,682,702	157,463,943
6. INTANGIBLE ASSETS		
Opening net book value/cost	3,714,037	5,543,356
Accumulated amortization	(914,664)	(1,829,319)
	2,799,373	3,714,037

Un-Audited **Audited**
December 31, **June 30,**
2012 **2012**
Note -----**Rupees**-----

7. SHORT TERM INVESTMENTS

Investments at fair value through profit and loss - listed securities	7.1	385,728,390	345,247,322
		<u>385,728,390</u>	<u>345,247,322</u>

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

Un-Audited December 31, 2012	Audited June 31, 2012	Name of Companies	Un-Audited December 31, 2012		Audited June 31, 2012	
			Number of units	Carrying value	Fair value	Carrying value
Rupees						
1,224,212	2,381,699	Investment in HBL Money Market Fund	117,252,692	123,901,383	180,354,912	187,252,692
2,551,789	1,277,085	Investment in HBL Income Fund	252,496,711	260,665,283	156,000,000	156,888,330
116,023	110,415	Investment in ABL Cash Fund	1,106,300	1,161,725	1,081,338	1,106,300
			370,855,703	385,728,390	337,436,250	345,247,322
		Unrealised Gain on account of re-measurement to fair value	14,872,687	-	7,811,072	-
			<u>385,728,390</u>	<u>385,728,390</u>	<u>345,247,322</u>	<u>345,247,322</u>

8. REVENUE - net

Note	For the Three months ended		For the Six months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Rupees			
Gross sales	862,295,579	694,047,696	1,537,350,078	1,309,283,843
Discount	(105,621,510)	(91,277,620)	(190,935,237)	(150,544,192)
	<u>756,674,069</u>	<u>602,770,075</u>	<u>1,346,414,841</u>	<u>1,158,739,650</u>

9. COST OF SALES

Material consumed	9.1	255,051,962	292,743,420	424,211,482	551,018,356
Manufacturing expenses		86,544,228	84,163,062	167,389,566	154,699,434
Opening work in process		75,622,403	66,547,332	57,088,668	31,773,388
		417,218,593	443,453,814	648,689,716	737,491,178
Closing work in process		(133,726,979)	(35,090,055)	(133,726,979)	(35,090,055)
Cost of goods manufactured		283,491,614	408,363,760	514,962,737	702,401,124
Opening finished goods		300,241,259	301,792,578	263,156,413	263,791,283
Purchases		89,954,062	-	176,715,253	-
Closing finished goods		(297,895,428)	(374,467,621)	(297,895,428)	(374,467,621)
		<u>375,791,508</u>	<u>335,688,717</u>	<u>656,938,976</u>	<u>591,724,786</u>

9.1 Material consumed

Opening stock	284,521,480	270,110,510	255,682,554	261,125,156
Purchases during the period	219,398,057	305,254,843	417,396,504	572,515,133
	503,919,538	575,365,353	673,079,058	833,640,289
Closing stock	(248,867,576)	(282,621,932)	(248,867,576)	(282,621,932)
	<u>255,051,962</u>	<u>292,743,420</u>	<u>424,211,482</u>	<u>551,018,356</u>

10. 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 December 31, 2012	Un-Audited December 31, 2011
	-----Rupees-----	
Other related parties		
Contribution to employee provident fund	<u>7,317,586</u>	<u>5,475,898</u>

	Un-Audited December 31, 2012	Audited June 30, 2012
	-----Rupees-----	

11. CONTINGENCIES AND COMMITMENTS
Contingencies:

Guarantees issued by banks on behalf of the Company	640,500	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>34,479,934</u>	<u>34,479,934</u>

Commitments:

Letter of credits other than for capital expenditure	<u>90,060,543</u>	<u>79,959,976</u>
	<u>90,060,543</u>	<u>79,959,976</u>

12. GENERAL

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

13. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors of the company on February 08, 2013

Lahore

Director

Chairperson & CEO

PEOPLE
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