



***Condensed Interim
Unconsolidated
Financial Information
for the Quarter/Six Months
Ended December 31, 2011***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE FINANCIAL INFORMATION FOR THE QUARTER & HALF YEAR ENDED DECEMBER 31, 2011

I am pleased to present your Company's Un-consolidated and consolidated financial information for the six months & quarter ended December 31, 2011. This condensed interim financial information is un-audited and is being submitted to share holders as required by Section 245 of the Companies Ordinance, 1984. This has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. The consolidated financial information incorporate the Company's 97% 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-11	3 Months 31-Dec-10	6 Months 31-Dec-11	6 Months 31-Dec-10	3 Months 31-Dec-11	3 Months 31-Dec-10	6 Months 31-Dec-11	6 Months 31-Dec-10
	(Rupees in thousands)							
Sales (net)	423,324	377,403	817,575	646,893	602,770	461,459	1,158,740	860,234
Gross Profit	211,228	204,245	424,614	355,603	267,381	274,372	567,015	482,915
Profit before tax	67,656	115,802	165,525	196,632	50,341	133,547	170,843	229,399
Taxation	(3,428)	(13,701)	(5,418)	(11,239)	61	(16,573)	(1,933)	(17,513)
Profit after tax	64,228	102,702	160,507	185,393	50,902	116,975	159,913	211,885

Net Sales of your Company witnessed an increase of 12.17% for the 2nd Quarter under review in comparison with the same quarter last year, whereas as the net sales of six months showed an increase of 26.06% in comparison with the same period last year. On group level the consolidated net sales showed an increase of 30.62% for the 2nd quarter and 34.70% for the six months ended December 31, 2011 in comparison with the Sales for the same period of last year. The cost of sales of your Company showed an increase of 22% during the 2nd quarter and by 36% overall during the six months ended December 31, 2011.

This overall growth was mainly effected by a positive growth in Pharma, Boston and Exports divisions of the company, however the percentage increase in cost of sales is not in line with sales growth due to inflationary pressures across inputs, and the cumulative effect of sales mix, as sales of Boston and Exports division carry a lower GP Margin.

Profit Before Tax of your Company has decreased by 41.58% during the Quarter over the same period of last year, and decreased by 16.47% in six month in comparison with same periods of last year. Similarly the consolidated Profit before Tax showed a decrease of 61.93% and 25.52% in ratio terms respectively for 2nd quarter and six months ended December 31, 2011. Similarly Net Profit after Tax (NPAT) decreased by 37.46% in 2nd Quarter and by 13.42% in six months ended December 31, 2011 in comparison with the same periods last year, thus stood at Rs. 64.2 Million and Rs. 160.5 Million respectively.

Based on the net profit for the six months ended December 31, 2011, the Earnings per Share (EPS), both basic and diluted, stand at 5.58 compared to EPS of Rs. 6.45 of same respective period of last year, on the enhanced capital of Rs. 287.494 Million after the issuance of bonus share during the quarter.

BF Biosciences Limited Operational Status

Net Sales of BF Biosciences were Rs. 145.9 Million for the Quarter and 280.3 Million for the six months ended December 31, 2011. In ratio term sales decreased by 12% in 2nd quarter as compared the same quarter of last year, but have increased by 7% in six months in comparison to the same six months of last year. These variances are mainly representative of the Peg-INF price reductions in October, in response to a similar reduction by our prime competitor. Unit sales have responded well, and we expect the negative trend to reverse in the two remaining Quarters.

The issuance of Government contracts, which formed a substantial part of company sales in the last year, has

been delayed this year, and thus tender sales do not figure in the corresponding figures of the current year, another reason for the decline. It is hoped that once the contracts are executed, our sales will also benefit correspondingly.

Future Outlook

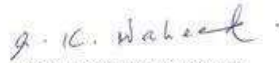
Since July 1, 2011 following the devolution of the health sector from the Federation to the Provinces, the pharmaceutical sector has been placed in an unprecedented crisis, as all pricing, registration matters have come to a standstill in the absence of a central Drug Regulatory Agency (DRA), which was supposed to have been legislated but has fallen victim to a dispute between the Federal Government and the Government of Punjab. In the face of an illogical price freeze on pharmaceutical products for the last ten years, launching new products were the only recourse for pharmaceutical companies to remain profitable. With the registration process also suspended, not only is the public deprived of any advances in the field of medicine, the health of the industry as well has been put under severe strain.

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

Acknowledgments

We are 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 and our vendors, distributors and financial institutions for their extended cooperation.

For and on behalf of the Board of Directors



(Mrs. Akhter Khalid Wahed)
Chairperson & CEO

Rawalpindi
January 31, 2012



KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

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Independent Auditor's Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Ferozsons Laboratories Limited** ("the Company") as at 31 December 2011 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 ("condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this condensed interim 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 condensed interim 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 condensed interim unconsolidated financial information as at and for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

The figures for the quarter ended 31 December 2011, in the condensed interim unconsolidated profit and loss account have not been reviewed and we do not express a conclusion on them.

Lahore

Date: 31 January 2012

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

CONDENSED INTERIM UNCONSOLIDATED BALANCE

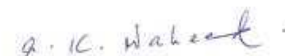
	December 31, 2011	June 30, 2011
	Un-Audited	Audited
	(Rupees)	(Rupees)
Note		
SHARE CAPITAL AND RESERVES		
Share capital	4 287,493,720	249,994,540
Capital reserve	321,843	321,843
Unappropriated profit	<u>1,397,794,540</u>	<u>1,303,293,179</u>
	1,685,610,103	1,553,609,562
Surplus on revaluation of fixed assets - net of tax	386,949,023	389,692,056
NON CURRENT LIABILITIES		
Deferred liability for taxation	85,342,604	88,104,529
CURRENT LIABILITIES		
Trade and other payables	191,398,943	152,631,234
Accrued markup of long term financing	652,983	969,405
Current portion of long term financing	5 14,187,500	42,562,500
Short term borrowing	24,042,810	37,805,811
	230,282,236	233,968,950
CONTINGENCIES AND COMMITMENTS	6	
	<u>2,388,183,966</u>	<u>2,265,375,097</u>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

SHEET AS AT DECEMBER 31, 2011

		December 31, 2011 Un-Audited (Rupees)	June 30, 2011 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	947,425,650	924,715,697
Intangible asset	8	4,628,701	-
Long term investments		215,440,385	234,555,914
Long term loan	9	375,000,000	375,000,000
Long term deposits	10	3,518,500	3,518,500
CURRENT ASSETS			
Stores, spare parts and loose tools		3,772,390	2,223,238
Stock in trade		464,404,435	409,005,347
Trade debts - considered good	11	149,547,740	102,924,380
Current portion of long term loan	10	-	50,000,000
Loans and advances - considered good		22,524,596	17,689,563
Deposits and prepayments		14,668,134	10,813,518
Interest accrued		14,253,111	16,078,740
Advance income tax - net		83,122,302	84,196,501
Other receivables	12	10,928,852	1,530,320
Short term investments		65,248,417	13,081,368
Derivative asset-interest rate swap		-	26,758
Cash and bank balances		13,700,753	20,015,253
		842,170,730	727,584,986
		<u>2,388,183,966</u>	<u>2,265,375,097</u>


 Director


 Chairperson & CEO

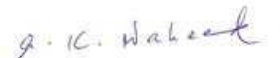
**CONDENSED INTERIM UNCONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

		Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
	Note				
Sales - net		423,324,162	377,409,081	817,975,126	648,893,414
Cost of sales	13	(212,096,607)	(173,162,795)	(393,161,589)	(289,290,581)
Gross profit		211,227,555	204,246,286	424,813,537	359,602,833
Other operating income		23,469,280	22,636,796	38,677,562	40,125,277
Administrative expenses		(35,863,762)	(29,951,734)	(70,780,914)	(53,417,252)
Selling and distribution expenses		(128,855,199)	(74,008,976)	(215,802,225)	(131,557,113)
Finance cost		(2,852,066)	(4,577,098)	(5,217,611)	(7,586,871)
Other charges		(3,210,370)	(5,932,141)	(11,649,957)	(13,712,645)
Share in profit of Pharmacia - 97% owned partnership firm		3,740,634	3,389,352	5,884,471	5,177,551
Profit before taxation		67,656,072	115,802,485	165,924,863	198,631,760
Taxation	14	(3,427,735)	(13,100,713)	(5,417,826)	(13,238,739)
Profit after taxation		64,228,337	102,701,772	160,507,037	185,393,041
Earnings per share - basic and diluted		2.23	3.57	5.58	6.45

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Rawalpindi
 January 31, 2012


 Director


 Chairperson & CEO


**CONDENSED INTERIM UNCONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Profit after tax	64,228,337	102,701,772	160,507,037	185,393,041
Other comprehensive income	-	-	-	-
Total comprehensive income	64,228,337	102,701,772	160,507,037	185,393,041

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Rawalpindi
 January 31, 2012


 Director

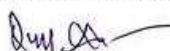

 Chairperson & CEO

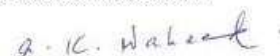
**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Cash flow from operating activities		
Profit before taxation	165,924,864	198,631,780
Adjustments for:		
Depreciation	35,380,094	30,317,541
Profit on disposal of property, plant and equipment	(1,370,306)	(482,384)
Finance costs	5,217,611	7,386,871
Provision for Workers Profit Participation Fund	6,650,639	8,352,079
Provision for Workers' Welfare Fund	2,660,256	3,340,832
Provision for Workers' Central Research Fund	1,676,009	1,966,649
Gain on remeasurement of short term investments	(1,655,486)	(3,755,352)
Dividend income, profit on bank deposits & commissions	(6,766,291)	(5,876,186)
Interest income	(28,885,478)	(29,716,000)
Long term investments written off	-	33,085
Fair value adjustment on interest rate swap	-	(295,355)
Share in profit of Farmacia 97% owned subsidiary firm	(5,884,471)	(5,177,551)
	<u>7,022,577</u>	<u>6,314,228</u>
Operating profit before working capital changes	172,947,441	204,946,008
(Increase)/decrease in current assets		
Stores and spares	(1,549,152)	(4,861,816)
Advances, deposits, prepayments and other receivables	(18,088,180)	(1,774,070)
Stock in trade	(55,399,088)	(32,340,475)
Trade debtors	(46,623,360)	(79,222,647)
	<u>(121,659,780)</u>	<u>(118,199,007)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	50,133,619	13,166,146
	<u>101,421,280</u>	<u>99,913,147</u>
Cash generated from operations	101,421,280	99,913,147
Finance cost paid	(5,534,034)	(6,250,447)
Income tax paid	(7,105,552)	(12,277,346)
Payment to Workers' Profit Participation Fund	(14,245,879)	(15,105,721)
Payment to Workers' Welfare Fund	(5,579,906)	-
Payment to Workers' Central Research Fund	(3,399,132)	(3,344,013)
	<u>(35,864,503)</u>	<u>(36,977,527)</u>
Net cash generated from operating activities	65,556,777	62,935,620
Cash flow from investing activities		
Fixed capital expenditure	(63,089,906)	(17,940,055)
Proceeds from sale of property, plant and equipment	1,741,464	1,982,750
Markup on long term loan received	30,711,107	14,858,000
Dividend income, profit on bank deposits & commissions	6,766,292	6,171,541
Decrease in long term investment	25,000,000	-
Decrease in long term loan	50,000,000	-
Purchase of short term investments	(63,932,988)	-
Proceeds from encashment of short term investments	13,448,183	-
	<u>644,152</u>	<u>5,072,236</u>
Net cash generated from investing activities	644,152	5,072,236
Cash flow from financing activities		
Repayment of long term finances	(28,375,000)	(28,375,000)
Payment of liabilities against assets subject to finance lease	-	(475,003)
Proceeds from short term borrowings	(13,763,001)	(36,528,049)
Dividend paid	(30,377,428)	(279,622)
	<u>(72,515,429)</u>	<u>(65,657,674)</u>
Net cash used in financing activities	(72,515,429)	(65,657,674)
Net (decrease) increase in cash and cash equivalents	(6,314,500)	2,350,182
Cash and cash equivalents at the beginning of the period	20,015,253	15,267,082
Cash and cash equivalents at the end of the period	13,700,753	17,617,264

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Rawalpindi
January 31, 2012


Director



Chairperson & CEO

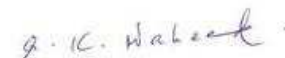
**CONDENSED INTERIM UNCONSOLIDATED
 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	<u>Share capital</u> (Rupees)	<u>Capital reserve</u> (Rupees)	<u>Revenue reserve Unappropriated profit</u> (Rupees)	<u>Total equity</u> (Rupees)
Balance at July 01, 2010	208,328,788	321,843	1,067,114,428	1,275,765,059
Total Comprehensive income for the period	-	-	185,388,041	185,388,041
Transfer from surplus on revaluation of fixed assets	-	-	2,726,857	2,726,857
Bonus shares issued at 20% for the year ended June 30, 2010	41,665,757	-	(41,665,757)	-
Balance at December 31, 2010	<u>249,994,545</u>	<u>321,843</u>	<u>1,213,568,570</u>	<u>1,463,884,958</u>
Balance at July 01, 2011	249,994,543	321,843	1,383,283,179	1,633,600,565
Total Comprehensive income for the period	-	-	160,507,037	160,507,037
Transfer from surplus on revaluation of fixed assets	-	-	2,743,033	2,743,033
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	37,488,177	-	(37,488,177)	-
Balance as at 31 Dec 2011	<u>287,482,720</u>	<u>321,843</u>	<u>1,397,794,540</u>	<u>1,685,610,103</u>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Rawalpindi
 January 31, 2012


 Director


 Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM
UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

"This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim unconsolidated financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2011. Comparative balance sheet is extracted from annual financial statements as of June 30, 2011 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from condensed interim unconsolidated financial information for the six months ended December 31, 2010.

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

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied by the Company for the preparation of this condensed interim unconsolidated financial information are the same as those applied by the Company in preparation of annual financial statements for the year ended June 30, 2011.

4. SHARE CAPITAL

During the six months ended December 31, 2011 the Company issued 3.75 million ordinary shares (June 30, 2011: 4.17 million) of Rs. 10 each as fully paid bonus shares.

5. LONG TERM FINANCING - Secured

The Company has obtained a long term finance facility from Habib Bank Limited to finance its 80% owned subsidiary, BF Biosciences Limited. The facility is secured by first charge on all present and future moveable assets of the Company (25% margin) ranking pari passu with the existing first charge holders to the extent of Rs. 370 million and first, equitable mortgage charge over land and building of the Company's Nowshera plant ranking pari passu with existing first charge holders to the extent of Rs. 370 million.

During the six months ended December 31, 2011 the Company made repayments towards principal amounting to Rs. 28.375 million (June 30, 2011: Rs. 28.375 million) whereas repayments of Rs. 14.187 million are due within next twelve months.

6. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liability as reported in the annual financial statements for the year ended June 30, 2011.

Commitments for capital expenditure and letters of credit issued by banks on behalf of the Company amount to Rs. 28.5 million (June 30, 2011: Nil) and Rs. 134 million (June 30, 2011 : Rs. 103.7 million) respectively.

	December 31, 2011	June 30, 2011
	(Rupees)	(Rupees)
7. PROPERTY, PLANT AND EQUIPMENT		
Opening balance - Net book value	924,715,697	742,280,446
Additions during the period/year	57,546,551	88,845,686
Revaluation during the period/year	-	164,393,292
	982,262,248	995,519,424
Book value of property, plant and equipment disposed off during the period	(371,159)	(3,772,760)
Depreciation charged during the period	(34,465,439)	(67,030,967)
Closing balance - Net book value	947,425,650	924,715,697

7.1 This includes CWIP amounting to Rs. 55,029,774 (June 30, 2011: Rs. 28,357,921)

	December 31, 2011	June 30, 2011
	(Rupees)	(Rupees)
8. INTANGIBLE ASSETS		
Opening balance-Net book value	-	-
Additions during the period/year	5,543,356	-
	5,543,356	-
Amortization charged during the period	(914,655)	-
Closing balance-Net book value	4,628,701	-

8.2 This represents ERP purchased during the year.

9. LONG TERM INVESTMENTS

During the period investment in Farmacia amounting to 25 million (June 30, 2011: Nil) was withdrawn by the company.

10. LONG TERM LOAN

This represents the restructuring in form of further investment by converting the overall outstanding term loan, overdue markup and trade receivables of BF Biosciences Limited, into a Term Loan. This restructuring was carried out under the authority of a special resolution passed by the shareholders in the extraordinary general meeting held on June 14, 2010, in accordance with the provisions of Section 208 of the Companies Ordinance, 1984. The loan is recoverable within a period of five years or earlier as and when required by the Company with a grace period of one year starting from July 01, 2010. Markup is charged on the loan at the rate not less than the borrowing cost of the Company.

11. TRADE DEBTS-CONSIDERED GOOD

These include Rs. 919,514 (June 30, 2011: Rs. 592,585) from Farmacia.

12. OTHER RECEIVABLES

These include Rs. 10,612,848 (June 30, 2011: Rs. 743,506) due from BF Biosciences Limited and Rs. 910,612 (June 30, 2011: Nil) receivable from Farmacia, respectively, on account of expenses incurred on behalf of these subsidiaries.

13. COST OF SALES

	Note	Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Material consumed	13.1	197,333,727	154,299,106	361,156,831	254,678,546
Manufacturing expenses		41,828,494	34,009,488	76,259,052	62,218,653
Opening work in process		19,658,496	9,732,870	11,929,149	9,069,289
		<u>258,820,717</u>	<u>198,041,464</u>	<u>449,345,032</u>	<u>325,966,488</u>
Less: closing work in process		(16,457,247)	(16,633,514)	(16,457,247)	(16,633,514)
Cost of goods manufactured		242,343,472	181,407,950	432,887,785	309,332,974
Add: opening finished goods		179,470,355	149,853,601	169,991,024	138,056,563
		<u>421,813,827</u>	<u>331,261,551</u>	<u>602,878,809</u>	<u>447,389,537</u>
Less: closing finished goods		(209,717,220)	(158,098,556)	(209,717,220)	(158,098,956)
Cost of sales		212,096,607	173,162,995	393,161,589	289,290,581

13.1 Material consumed

	Note	Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Opening stock		239,446,293	141,115,695	224,016,595	138,107,999
Add: Purchases during the period		193,488,447	151,852,311	372,771,249	255,239,447
		<u>432,934,740</u>	<u>292,968,006</u>	<u>596,787,844</u>	<u>393,347,446</u>
Less: closing stock		(235,631,013)	(138,668,900)	(235,631,013)	(138,668,900)
		<u>197,333,727</u>	<u>154,299,106</u>	<u>361,156,831</u>	<u>254,678,546</u>

14. TAXATION

	Note	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Current	14.1	8,179,751	6,488,934
Deferred		(2,761,925)	6,749,805
		<u>5,417,826</u>	<u>13,238,739</u>

14.1 Pursuant to the clause 126F in Part-I of the Second Schedule of Income Tax Ordinance 2001 (the Ordinance) through the Finance Act 2010, the income of the Company is exempt from tax for three years commencing from the tax year 2010. Accordingly the Company has not provided any normal tax liability on its taxable income. However, minimum tax under section 113 of the Ordinance has been provided for in this condensed interim unconsolidated financial information.

15. TRANSACTIONS WITH RELATED PARTIES

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

	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Famacia-97% owned subsidiary firm		
Sale of medicines	798,364	1,833,068
Payment received against sale of medicines	254,659	236,547
Expenses incurred on behalf of subsidiary	944,686	2,100
Share of profit reinvested	5,217,611	5,177,551
Withdrawal of Investment	25,000,000	-
BF Biosciences Limited-80% owned subsidiary		
Long term loan and mark up repayment	80,521,460	14,858,000
Sale of medicines to subsidiary	26,079,450	51,583,249
Sale of medicines by subsidiary	5,678,272	5,660,373
Expenses incurred on behalf of subsidiary	10,612,848	1,254,258
Other related parties		
Contribution to employees provident fund	9,900,366	2,076,713
Remuneration including benefits and perquisites of key management personnel	26,046,000	21,316,320

16. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on January 31, 2012 have proposed interim cash dividend of Rs. Nil per share.

17. DATE OF AUTHORIZATION

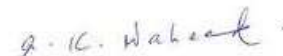
The condensed interim unconsolidated financial information was authorized for issue by the Board of Directors of the Company in their meeting held on January 31, 2012

18. GENERAL

Figures in the condensed interim unconsolidated financial information have been rounded off to the nearest rupee.

Rawalpindi
January 31, 2012


Director


Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter/Six Months
Ended December 31, 2011***



FEROZSONS
LABORATORIES LIMITED


CONDENSED INTERIM CONSOLIDATED BALANCE

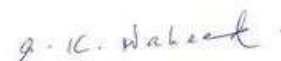
	December 31, 2011	June 30, 2011
Note	Un-Audited (Rupees)	Audited (Rupees)
SHARE CAPITAL AND RESERVES		
Share capital	3 287,493,718	249,994,540
Reserves		
Capital reserve	321,843	321,843
Revenue reserve - unappropriated profit	1,436,852,917	1,342,834,271
	1,724,668,478	1,593,150,654
Minority interest	49,569,539	49,675,749
Total equity	1,774,238,017	1,642,826,403
Surplus on revaluation of fixed assets - net of tax	4 386,949,023	389,692,056
NON CURRENT LIABILITIES		
Deferred liability for taxation	119,385,658	121,695,416
CURRENT LIABILITIES		
Trade and other payables	309,048,201	290,397,231
Short term borrowings - secured	52,235,276	37,805,811
Accrued markup of long term financing	1,613,097	1,898,089
Current portion of long term financing	5 32,875,000	79,937,500
	395,771,574	410,038,631
CONTINGENCIES AND COMMITMENTS		
	10 -	-
	2,676,344,272	2,564,252,506

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

SHEET AS AT DECEMBER 31, 2011

	December 31, 2011 Un-Audited (Rupees)	June 30, 2011 Audited (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	6 1,467,209,605	1,465,485,976
Long term investment		
Long term deposits	7,465,500	7,465,500
CURRENT ASSETS		
Stores, spares and loose tools	5,603,123	4,805,283
Stock in trade	695,436,095	592,723,356
Trade debts-considered good	217,152,317	158,262,572
Loans and advances-considered good	30,082,609	24,393,199
Deposits and prepayments	26,665,474	21,038,681
Advance income tax - net	112,727,146	110,196,797
Other receivables	316,007	786,813
Other financial assets	7 65,248,417	23,673,368
Deivative asset-interest rate swap	-	26,758
Cash and bank balances	48,437,979	155,394,203
	1,201,669,167	1,091,301,030
	<u>2,676,344,272</u>	<u>2,564,252,506</u>


 Director


 Chairperson & CEO

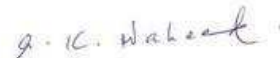
**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

		Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
	Note				
Netsales		602,770,075	461,458,640	1,158,739,650	860,234,452
Cost of sales	8	(335,688,717)	(187,086,625)	(591,724,786)	(377,318,764)
Gross profit		267,081,359	274,372,015	567,014,865	482,915,688
Other income		38,621,091	8,527,767	40,869,685	12,102,198
Administrative expenses		(46,443,416)	(31,071,467)	(83,585,450)	(55,297,253)
Selling and distribution cost		(172,686,636)	(104,153,939)	(302,732,915)	(182,596,038)
Finance cost		(33,038,736)	(6,385,114)	(36,848,344)	(12,203,719)
Other expenses		(2,692,655)	(7,741,818)	(13,869,778)	(15,522,322)
Profit before taxation		50,841,006	133,547,444	170,848,062	229,398,554
Provision for taxation		60,776	(16,572,678)	(10,929,949)	(17,513,304)
Profit after taxation		50,901,782	116,974,766	159,918,113	211,885,250
Attributable to:					
Shareholders of the parent company		53,590,520	113,947,179	160,024,323	206,384,625
Minority interest		(2,688,738)	3,027,589	(106,210)	5,500,626
		50,901,782	116,974,766	159,918,113	211,885,251

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

Rawalpindi
 January 31, 2012


 Director


 Chairperson & CEO

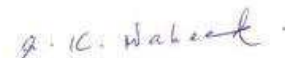
**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Profit after tax	50,901,782	116,974,766	159,918,113	211,885,251
Other comprehensive income				
Total comprehensive income	<u>50,901,782</u>	<u>116,974,766</u>	<u>159,918,113</u>	<u>211,885,251</u>
Attributable to:				
Shareholders of the Parent Company	53,590,520	113,847,179	160,024,323	206,384,625
Non-Controlling Interest	<u>(2,688,738)</u>	<u>302,589</u>	<u>(106,210)</u>	<u>5,500,626</u>
	<u>50,901,782</u>	<u>116,874,768</u>	<u>159,918,113</u>	<u>211,885,251</u>

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

Rawalpindi
 January 31, 2012


 Director



 Chairperson & CEO

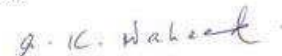
**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Cash flow from operating activities		
Profit before taxation	170,848,062	229,398,556
Adjustments for:		
Depreciation	69,139,954	61,407,887
Gain on disposal of property, plant and equipment	(1,370,306)	(482,384)
Finance costs	36,848,344	12,203,719
Provision for Workers Profit Participation Fund	6,819,416	9,860,144
Provision for Workers' Welfare Fund	2,727,767	3,340,832
Provision for Workers' Central Research Fund	1,697,462	2,288,261
Gain on remeasurement of short term investments	(1,601,448)	(3,755,352)
Dividend income, profit on bank deposits	(37,897,931)	(7,864,462)
Long term investments written off	-	33,085
	<u>76,363,259</u>	<u>77,031,730</u>
Operating profit before working capital changes	247,211,321	306,430,286
(Increase)/decrease in current assets		
Stores and spares	(797,840)	(4,861,816)
Advances, deposits, prepayments and other receivables	(10,818,639)	945,512
Stock in trade	(102,712,739)	(120,094,329)
Trade debtors	(58,889,745)	(61,567,579)
	<u>(173,218,963)</u>	<u>(185,578,213)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	40,456,719	40,308,643
Cash generated from operations	114,449,076	161,160,716
Finance cost paid	(37,133,337)	(11,542,528)
Income tax paid	(15,770,056)	(21,316,256)
Payment to Workers' Profit Participation Fund	(23,262,196)	(14,804,108)
Payment to Workers' Welfare Fund	(5,579,906)	-
Payment to Workers' Central Research Fund	(5,080,396)	(3,645,626)
	<u>(86,825,890)</u>	<u>(51,308,518)</u>
Net cash generated from operating activities	27,623,185	109,852,198
Cash flow from investing activities		
Fixed capital expenditure	(71,242,241)	(44,752,771)
Proceeds from sale of property, plant and equipment	1,748,964	1,982,750
Dividend income, profit on bank deposits & commissions	37,897,931	7,864,462
Increase in short term investments	(63,932,988)	-
Proceeds from encashment of short term investments	23,959,387	-
Long term deposits	-	-
Net cash used in investing activities	(71,568,947)	(34,905,559)
Cash flow from financing activities		
Repayment of long term finances	(47,062,500)	(475,003)
Payment of liabilities against assets subject to finance lease	-	(47,062,500)
Proceeds from short term borrowings	14,429,465	(36,528,049)
Dividend paid	(30,377,428)	(279,624)
Net cash used in financing activities	(63,010,463)	(84,345,176)
Net increase / (decrease) in cash and cash equivalents	(106,956,224)	(9,398,537)
Cash and cash equivalents at the beginning of the period	155,394,203	56,492,557
Cash and cash equivalents at the end of the period	<u>48,437,979</u>	<u>47,094,020</u>

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

Rawalpindi
January 31, 2012


Director


Chairperson & CEO

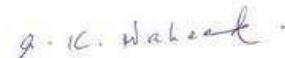
**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

	Share capital (Pakpees)	Capital reserve (Pakpees)	Reserve reserve Unappropriated profit (Pakpees)	Total (Pakpees)	Minority Interest (Pakpees)	Total (Pakpees)
Balance as at July 01, 2010	268,228,788	821,888	1,887,224,346	1,216,874,978	24,472,822	1,241,347,800
Total Comprehensive Income for the period	-	-	206,884,825	206,884,825	5,509,828	211,894,251
Transfer from surplus on revaluation of fixed assets Net Income recognized directly in equity	-	-	2,728,857	2,728,857	-	2,728,857
Total other comprehensive income for the period	-	-	2,728,857	2,728,857	-	2,728,857
Total comprehensive income for the period	-	-	209,613,682	209,613,682	5,509,828	214,812,198
Distribution to owners						
Minority share capital contribution in Subsidiary Co (SIF Biochemics Ltd.)	-	-	-	-	-	-
Final dividend for the year ended June 30, 2009 Rs. 1.00 per share	-	-	-	-	-	-
Bonus shares issued at 20% for the year ended June 30, 2009	41,888,787	-	(41,888,787)	-	-	-
Total Transactions with owners	41,888,787	-	(41,888,787)	-	-	-
Balance as at December 30, 2010	310,117,575	821,888	1,774,676,871	1,024,988,467	29,982,650	1,054,970,196
Balance as at July 01, 2011	310,117,575	821,888	1,842,884,271	1,026,188,464	48,878,748	1,075,067,216
Total Comprehensive Income for the period	-	-	188,024,828	188,024,828	(106,210)	187,918,118
Transfer from surplus on revaluation of fixed assets Net Income recognized directly in equity	-	-	2,748,888	2,748,888	-	2,748,888
Total other comprehensive income for the period	-	-	2,748,888	2,748,888	-	2,748,888
Total comprehensive income for the period	-	-	188,767,906	188,767,906	(106,210)	188,661,146
Distribution to owners						
Interim dividend for the year ending 30 June 2011 Rs. 1.25 per share	-	-	(81,248,882)	(81,248,882)	-	(81,248,882)
Bonus shares issued at 10% for the year ended June 30, 2011	37,488,178	-	(37,488,178)	-	-	-
Total Transactions with owners	37,488,178	-	(88,748,710)	(81,248,882)	-	(81,248,882)
Balance as at December 31, 2011	347,605,753	821,888	1,498,882,917	1,729,888,478	48,888,838	1,778,777,316

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

Rawalpindi
January 31, 2012


Director


Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011**

1. STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2011. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2011 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the six months period ended December 31, 2010.

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

2.2.1 The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective as of January 01, 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on December 31, 2010.

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

	December 31 2011 (Rupees)	June 30, 2011 (Rupees)
3. SHARE CAPITAL		
Authorized share capital	<u>500,000,000</u>	250,000,000
Issued, subscribed and paid up capital	<u>287,493,718</u>	<u>249,994,540</u>
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July.	419,254,636	267,331,843
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	<u>(2,743,033)</u>	(6,744,289)
- Related deferred tax liability	<u>(1,477,018)</u>	(3,631,540)
	<u>(4,220,051)</u>	(10,375,829)
Surplus transferred to unappropriated profit in respect of disposal of fixed assets during the period /year		
- Net of deferred tax	<u>-</u>	(1,361,536)
- Related deferred tax liability	<u>-</u>	(733,134)
		(2,094,670)
Surplus on revaluation of fixed assets recognized during the period/year		
- Net of deferred tax	<u>-</u>	155,777,069
- Related deferred tax liability	<u>-</u>	8,616,224
		164,393,293
Surplus on revaluation of fixed assets	415,034,585	419,254,637
Related deferred tax liability:		
- On Revaluation as at 1 July	<u>(29,562,580)</u>	25,311,031
- On Revaluation surplus of fixed assets recognized during the period/year		(8,616,224)
- Transferred to unappropriated profit on:		
Disposal of fixed assets during the period/year		733,134
Incremental depreciation charged during the period/year	<u>1,477,018</u>	3,631,540
	<u>(28,085,562)</u>	(29,562,581)
	<u>386,949,023</u>	<u>389,692,056</u>
5. LONG TERM FINANCING - secured		
Opening balance	79,937,500	174,062,500
Add. Disbursements during the period/year	<u>-</u>	-
	79,937,500	174,062,500
Less: Repayments during the period/year	<u>(47,062,500)</u>	(94,125,000)
	32,875,000	79,937,500
Less: Current portion shown under current liabilities	<u>(32,875,000)</u>	(79,937,500)
	<u>-</u>	-

	December 31 2011 Note (Rupees)	June 30, 2011 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	1,465,485,976	1,294,926,904
Add:		
Additions during the period/year	6.1 71,242,241	141,830,902
Surplus on revaluation of fixed assets		32,957,653
Less:		
Written down value of disposals	(378,659)	(4,353,260)
Surplus released on revaluation		131,435,640
Depreciation	(69,139,954)	(131,311,863)
	<u>(69,518,612)</u>	<u>(4,229,483)</u>
	<u>1,467,209,605</u>	<u>1,465,485,976</u>

6.1 Additions during the period/year represents:

Freehold land	-	
Building on freehold land	687,420	14,215,367
Plant and machinery	3,391,688	28,225,974
Office equipments	1,712,465	4,541,962
Furniture and fixtures	793,136	2,344,123
Computers	1,161,041	4,269,132
Vehicles-owned	2,160,500	20,644,800
Capital work in progress	61,335,991	67,589,544
	<u>71,242,241</u>	<u>141,830,902</u>

	December 31 2011 Note (Rupees)	June 30, 2011 (Rupees)
7. SHORT TERM INVESTMENTS		
Held to maturity investments - local currency		10,592,000
Investments at fair value through profit and loss - listed securities	7.1 65,248,417	13,081,368
	<u>65,248,417</u>	<u>23,673,368</u>

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

Number of shares		Name of Companies	December 31, 2011 (Rupees)		June 30, 2011 (Rupees)	
December 2011	June 2011		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation			997,250	600,000
		Ordinary shares of Rs. 10 each				
		Bank Alfalah Ltd			1,473,442	1,490,575
155,755	155,755	Ordinary shares of Rs. 10 each			415,000	415,000
		PICIC-Growth Fund			3,842,900	5,552,700
		Ordinary shares of Rs. 10 each			7,000	7,000
		Pakistan Oilfields Ltd.			1,511,300	2,513,070
		Ordinary shares of Rs. 10 each			500,004	500,004
		PICIC-IF			1,890,015	2,925,023
		Ordinary Shares of Rs. 10 each				
		HBL MMS UNITS	63,932,988	65,248,417		
			<u>63,932,988</u>	<u>65,248,417</u>	9,714,907	13,081,368
		Unrealised Gain / (loss) on account of remeasurement to fair value	1,315,429	-	3,366,461	-
			<u>65,248,417</u>	<u>65,248,417</u>	<u>13,081,368</u>	<u>13,081,368</u>

8 COST OF SALES

		Three months ended December 31, 2011 (Rupees)	Three months ended December 31, 2010 (Rupees)	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
	Note				
Material consumed	8.1	292,743,420	153,654,733	591,018,356	335,418,391
Manufacturing expenses		84,63,062	37,533,613	1,54,699,434	126,124,332
Opening work in process		66,547,332	40,146,773	31,773,388	5,269,289
		<u>443,453,814</u>	<u>271,335,119</u>	<u>737,491,178</u>	<u>474,313,211</u>
Less: closing work in process		(35,090,055)	(49,893,019)	(35,090,055)	(46,393,219)
Cost of goods manufactured		<u>408,363,760</u>	<u>221,532,100</u>	<u>702,401,124</u>	<u>427,920,193</u>
Add: opening finished goods		301,792,376	215,724,369	263,791,263	202,738,436
		<u>710,156,338</u>	<u>437,256,469</u>	<u>966,192,407</u>	<u>627,458,329</u>
Less: closing finished goods		(374,467,621)	(250,139,865)	(374,467,621)	(250,139,365)
Cost of sales		<u>335,688,717</u>	<u>187,036,605</u>	<u>591,724,786</u>	<u>377,318,764</u>
8.1 Material consumed					
Opening stock		270,110,510	177,148,417	261,125,156	164,529,561
Add: purchases during the period		305,254,843	158,812,392	572,515,133	357,195,505
		<u>575,365,353</u>	<u>345,950,809</u>	<u>833,640,289</u>	<u>521,725,066</u>
Less: closing stock		(282,621,932)	(132,306,076)	(282,621,932)	(182,306,276)
		<u>292,743,420</u>	<u>153,654,733</u>	<u>551,018,356</u>	<u>339,418,391</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:

	Six months ended December 31, 2011 (Rupees)	Six months ended December 31, 2010 (Rupees)
Other related parties		
Contribution to employee provident fund	11,048,601	4,549,969

	December 31, 2011 (Rupees)	June 30, 2010 (Rupees)
10. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the company	14,685,240	14,685,240
Commitments:		
ii Capital Expenditure	28,500,000	
iii Letter of credits other than for capital expenditure	190,331,870	111,255,343

11. GENERAL

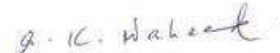
Figures have been rounded off to the nearest rupee.

12. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors of the Company on January 31, 2012.

Rawalpindi
January 31, 2012


Director


Chairperson & CEO

PEOPLE
TRUST
US

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



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