

Merus Labs International Inc. reports first quarter financial results for the period ended August 31, 2011

(CNSX: MR)

VANCOUVER, Sept. 8, 2011 /CNW/ - **Merus Labs International Inc.** ("Merus" or the "Company") today reported its financial results for the quarter ended August 31, 2011.

In the first quarter Merus:

- Achieved \$2,246,899 in net Vancocin sales [\$2,314,233 gross sales], representing a 20% increase over the same period in the previous year [as recorded by IMS Canada]
- Achieved Gross profit of \$2,075,782, representing 89.7% gross margin
- Recorded selling, general and administrative expenses of \$201,908
- Realized EBITDA of \$1,542,429 which was \$1,714,000 before all non-cash items
- Reduced short term debt by \$1.2 mil
- Realized net income of \$488,521

"I am very pleased to report the results of our first quarter. During this period, our team demonstrated a flawless execution of Vancocin acquisition and managed to deliver a solid first quarter financial performance. We will use these results as a foundation for Merus Labs to continue to pursue opportunities to acquire and licence additional branded legacy products. In addition we expect to show strong organic growth in the next coming quarters with growth in the sale of Vancocin as well as launch of our wound care products in the current quarter." said Ahmad Doroudian, President and CEO.

Company's financial statements and management discussion and analysis (MD&A) can be accessed on www.Sedar.com

Consolidated balance sheets

(Expressed in Canadian dollars)

	August 31, 2011 \$	May 31, 2011 \$	June 1, 2010 \$
(unaudited)			
Assets			
Current Assets			
Cash	264,412	74,995	101,313
Accounts receivable	1,359,838	524,866	--
Prepaid expenses	61,873	--	1,162
Inventory	324,186	486,795	--
	2,010,309	1,086,656	102,475
Intangible assets	19,925,196	20,269,606	--
	21,935,505	21,356,262	102,475

Current Liabilities

Accounts payable and accrued liabilities	128,615	124,281	6,152
Due to related party (Note 8)	11,000	--	15,000
Income taxes payable	255,000	--	--
Short-term loan payable (Note 6)	4,607,584	5,489,384	--
Due to Iroko (Note 5)	12,540,353	12,402,061	--
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	17,542,552	18,015,726	21,152
Long-term loan payable (Note 7)	500,000	--	--
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	18,042,552	18,015,726	21,152
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Shareholders' Equity

Share capital (Note 9)	3,648,664	3,549,977	381,901
Share subscriptions received	--	36,000	850
Share option reserves	143,798	139,597	2,615
Share warrant reserves	159,197	162,189	--
Other reserves	147,997	147,997	129,907
Deficit	(206,703)	(695,224)	(433,950)
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	3,892,953	3,340,536	81,323
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	21,935,505	21,356,262	102,475
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MERUS LABS INTERNATIONAL INC.

Consolidated statements of operations, comprehensive loss, and deficit

(Expressed in Canadian dollars)

(unaudited)

	Three Months Ended	Three Months Ended
	August 31,	August 31,
	2011	2010

	\$	\$
Sales revenue	2,314,233	--
Cost of goods sold	238,450	--
Gross margin	2,075,783	--
Expenses		
Amortization	344,410	--
Foreign exchange loss	131,688	--
Selling, general and administrative	201,908	20,135
Management fees (Note 8)	10,000	14,944
Professional fees	58,473	27,315
Research and development	3,868	--
Stock-based compensation (Note 9)	39,816	136,982
Transfer agent and filing fees	20,975	9,513
Warranty	67,334	--
	878,472	208,889
Net income/(loss) before other income (expense)	1,197,311	(208,889)
Other income (expense)		
Accretion of discount on loan payable (Note 6)	(288,200)	--
Interest expense	(166,298)	--
Other income	708	--
	(453,790)	--
Net income/(loss) before income taxes	743,591	(208,889)
Income tax expense	(255,000)	--

Net income/(loss) and comprehensive income/(loss)	488,521	(208,889)
Net earnings/(loss) per share, basic	0.02	(0.02)
Net earnings/(loss) per share, diluted	0.01	(0.02)
Weighted average shares outstanding, basic	30,841,000	13,458,000
Weighted average shares outstanding, diluted	49,937,000	13,458,000

MERUS LABS INTERNATIONAL INC.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

(unaudited)

	Three Months Ended August 31, 2011 \$	Three Months Ended August 31, 2010 \$
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Operating Activities

Net income/(loss) for the period	488,521	(25,660)
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Items not involving cash:

Accretion of discount on debt	288,200	--
Amortization	344,410	--
Donated services	--	14,000
Stock-based compensation	39,816	--
Shares issued for services	--	--
Unrealized foreign exchange loss	138,292	--

Changes in non-cash working capital items:

Accounts receivable	(834,972)	(451)
Inventory	162,609	--
Prepaid expenses	(61,873)	--

Accounts payable and accrued liabilities	4,334	(2,625)
Due to related parties	11,000	(5,250)
Income taxes payable	255,000	--
	835,337	(19,986)
Financing Activities		
Proceeds from issuance of long-term loan payable	500,000	--
Repayment of loan payable	(1,170,000)	--
Subscriptions receivable	--	2,500
Proceeds from issuance of common shares	24,080	15,000
	(645,920)	17,500
Increase (decrease) in cash	189,417	(2,486)
Cash - beginning of year	74,995	24,992
Cash - end of year	264,412	22,506
Supplemental disclosures:		
Interest paid	166,298	--
Income tax paid	--	--

About Merus Labs International Inc.

Merus is a specialty pharmaceutical company engaged in the acquisition and licensing of pharmaceutical products. The Company utilizes its expertise in the North American pharmaceutical markets and its access to capital to acquire and license niche branded products in Canada and United States. Merus further enhances the sale and distribution of these products by introduction of a focused marketing and promotion plan.

Forward-looking Statements:

This press release may contain forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology including "could", "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" and the negative of these terms or other comparable terminology. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report. Except as required by applicable law, we do not intend to update any of the forward-looking statements so as to conform these statements to actual results. Investors should refer to the risks disclosed in the Company's reports filed

from time to time with securities regulatory authorities.

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For further information:

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