



***Condensed Interim
Financial Information
for the Quarter/Nine Months
Ended March 31, 2011***



FEROZSONS
LABORATORIES LIMITED

**DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL
 INFORMATION FOR THE QUARTER/NINE MONTHS ENDED
 MARCH 31, 2011**

We are pleased to present your Company's individual and consolidated financial information for the quarter and nine months ended March 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 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 period and appropriation of the divisible profits is given below:

| | Individual | | | | Consolidated | | | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 3 Months 31-Mar-11 | 3 Months 31-Mar-10 | 9 Months 31-Mar-11 | 9 Months 31-Mar-10 | 3 Months 31-Mar-11 | 3 Months 31-Mar-10 | 9 Months 31-Mar-11 | 9 Months 31-Mar-10 |
| (Rupees in thousands) | | | | | | | | |
| Sales (net) | 348,868 | 323,210 | 997,761 | 948,874 | 624,695 | 396,252 | 1,484,930 | 1,134,851 |
| Gross Profit | 155,319 | 169,484 | 514,921 | 468,104 | 271,025 | 190,813 | 756,940 | 526,710 |
| Profit before tax | 47,871 | 91,086 | 246,708 | 253,447 | 105,582 | 82,097 | 337,981 | 206,682 |
| Taxation | (7,051) | (28,096) | (20,290) | (73,184) | (11,228) | (28,693) | (28,741) | (75,188) |
| Profit after tax | 40,820 | 62,990 | 226,418 | 180,262 | 94,354 | 53,404 | 309,240 | 131,495 |

Net Sales of your Company witnessed an increase of 7.94% for the 3rd Quarter versus the same quarter last year, whereas the net sales over the nine month period showed an increase of 5.15% in comparison with the same period last year. As mentioned in previous reports, the transfer of the company's biotech portfolio to its subsidiary, BF Biosciences Limited, has resulted in a dilution of its sales growth. Consolidated sales, which include the sales captured in the BF Biosciences portfolio, thus show a clearer picture of actual sales performance of the group portfolio.

Consolidated Net Sales including our subsidiary BF Biosciences Limited and the Farmacia retail venture for registered an increase of 57.65% to close at Rs. 624 Million for the 3rd quarter. Similarly, Consolidated Net Sales for the nine months were Rs. 1,485 Million, an increase of 30.85% over the corresponding nine months of the previous year. Alhamdulillah, our entry into local manufacturing has met with success, increasing both the profitability and revenues of the group. In addition to increasing sales of previously imported biotech products for cancer and Hepatitis C, your company was also successful in launching Peg-IFN, the first true biosimilar pegylated interferon for Hepatitis C treatment. This launch achieved number 1 position amongst pharmaceutical launches ranked by IMS Statistics in Q IV, 2010, and has helped us attain leadership position in the field of hepatology.

We are also pleased to report that since coming into local production, BF Biosciences has also managed pass on significant benefits to the Pakistani patient - reducing the cost of Hepatitis C treatment with standard interferon therapy by 60%, and pegylated interferon therapy by 40%. We have also commenced the process of registration in foreign markets, and aim to get a good share in the growing international market for biotech pharmaceuticals.

Cost of Sales of your Company showed an increase of 25.91% during the 3rd quarter and a very nominal increase of 0.43% overall during the nine months ended March 31, 2011. Owing to the higher Cost of Sales, the GP margins have also decreased in 3rd quarter and have shown a nominal increase in nine months overall. A greater portion of growth has been contributed by Boston Scientific Portfolio, which carries lower margins compared to our domestically produced pharmaceuticals.

On the Exports front, your Company, which established a dedicated export department at the beginning of the year, has consolidated and grown its business in the existing markets of Afghanistan and Sudan, and launched its first set of products in Sri Lanka. In the coming year, we expect further registrations in key markets in Asia and Africa.

Profit Before Tax of your Company decreased by 47.44% during the Quarter compared with the same period of last year and by 2.66% in nine month in comparison with same periods of last year. Similarly the consolidated Profit before Tax showed a decrease of 3.82% and a nominal increase of 4.55% in ratio terms respectively for 3rd quarter and nine months ended March 31, 2011. Consolidated Profit Before Tax, however, stood at Rs. 105.58 Million for the Quarter (against Rs. 82.10 Million during Q3 of last year), and Rs. 337.98 Million for the nine Months (against Rs. 206.68 Million in the corresponding period last year).

Net Profit after Tax (NPAT) decreased by 7.79% in 3rd Quarter and showed an increase of 3.7% in nine months ended March 31, 2011 in comparison with the same periods last year, thus stood at Rs. 40.8 Million and Rs. 226.4 Million respectively. Consolidated Net Profit stood at Rs. 94.34 Million for the Quarter and Rs. 309.24 Million for the nine months Respectively (against Rs. 53.40 Million and Rs. 131.50 Million for the Quarter and nine months respectively).

Based on the net profit for the nine ended March 31, 2011, the Earnings per Share (EPS), both basic and diluted, stand at 7.4 compared to EPS of Rs. 4.69 of same respective period of last year, on the enhanced capital of Rs. 249.994 Million after the issuance of bonus share during the quarter.

BF Biosciences Limited Operational Status

Net Sales of BF Biosciences Limited were Rs. 209.9 Million For the Quarter (up 153% against the same period last year), and Rs. 472.1 Million for the nine months under review (up 97% against last year). Owing to local production, gross profitability has also increased substantially to Rs. 218.8 Million for the nine months, against Rs. 44.8 Million achieved during the year ended June 30, 2010.

Future Outlook

In addition to the debilitating impact of a price freeze on medicines since December 2001, there is increasing uncertainty in the regulatory environment as a result of the passage of the 18th Amendment, which will ostensibly devolve the Ministry of Health in its entirety to the Provinces. While devolution in principal is an excellent thing, there are certain key aspects of healthcare that by must remain federal owing to their nature, such as the pricing and registration of drugs, which need to be uniform throughout the country. If each province ends up with its own separate registration and pricing body, it would lead to chaos. For example, different prices for the same drug could be allotted by different provinces, effectively creating a domestic black market for prescription drugs. At the same time, one province could approve a specific brand name for a cough medicine, while another could allot the same brand to an anti-cancer product, causing serious potential harm to the patient.

While the industry has vociferously campaigned for a federal Drug Regulatory Authority (DRA) to be put in place before the proposed deadline for devolution, the parliament still has not taken concrete steps to make this happen.

Acknowledgments

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

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & Chief Executive

CONDENSED INTERIM UNCONSOLIDATED

| | Note | March 31, 2011 Un-Audited (Rupees) | June 30, 2010 Audited (Rupees) |
|---|------|---|---|
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 4 | 249,994,543 | 208,328,786 |
| Capital reserve | | 321,843 | 321,843 |
| Revenue reserve - unappropriated profit | | 1,224,708,040 | 1,067,114,429 |
| | | <u>1,475,024,426</u> | <u>1,275,765,058</u> |
| Surplus on revaluation of fixed assets - net of tax | | 237,930,526 | 242,020,812 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | 5 | - | 42,562,500 |
| Deferred taxation - net | | 68,641,337 | 58,329,176 |
| | | 68,641,337 | 100,891,676 |
| DERIVATIVE LIABILITY - INTEREST RATE SWAP | | 45,981 | 140,174 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 188,046,668 | 154,732,360 |
| Accrued markup of long term financing | | 2,719,246 | 1,634,970 |
| Current portion of long term financing | 5 | 56,750,000 | 56,750,000 |
| Current portion of liabilities against assets subject to finance lease | | - | 475,003 |
| Short term borrowing | | - | 36,528,049 |
| | | <u>247,515,914</u> | <u>250,120,382</u> |
| | | <u><u>2,029,158,183</u></u> | <u><u>1,868,938,102</u></u> |
| CONTINGENCIES AND COMMITMENTS | 7 | - | - |

The annexed notes 1 to 16 form an integral part of these financial statements.

BALANCE SHEET AS AT MARCH 31, 2011

| | Note | March 31, 2011 Un-Audited (Rupees) | June 30, 2010 Audited (Rupees) |
|--|------|---|---|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 716,774,414 | 742,280,446 |
| Long Term Investments | | 232,053,414 | 222,813,836 |
| Long Term Loan | 9 | 318,750,000 | 425,000,000 |
| Long Term Deposits | | 1,080,000 | 1,053,400 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 12,793,140 | 4,640,630 |
| Stock in trade | | 364,732,586 | 296,402,640 |
| Trade debts - secured, considered good | 10 | 75,444,548 | 45,215,438 |
| Current portion of long term loan | 9 | 106,250,000 | - |
| Loans and advances - considered good | | 33,231,672 | 13,228,405 |
| Deposits and prepayments | | 9,916,501 | 11,129,809 |
| Interest accrued | | 15,787,178 | - |
| Advance income tax - net | | 87,258,830 | 81,090,608 |
| Other receivables | 11 | 1,397,627 | 1,100,901 |
| Other financial assets | | 12,324,564 | 9,714,907 |
| Cash and bank balances | | 41,363,708 | 15,267,082 |
| | | 760,500,355 | 477,790,420 |
| | | 2,029,158,183 | 1,868,938,102 |

Director

Chairperson & Chief Executive

**CONDENSED INTERIM UNCONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | | 3 Months Ended March 31, 2011 (Rupees) | 3 Months Ended March 31, 2010 (Rupees) | 9 Months Ended March 31, 2011 (Rupees) | 9 Months Ended March 31, 2010 (Rupees) |
|---|----|--|--|--|--|
| Sales- net | | 348,867,811 | 323,209,649 | 997,761,225 | 948,873,768 |
| Cost of sales | 12 | (193,549,291) | (153,725,733) | (482,839,872) | (480,769,307) |
| Gross profit | | 155,318,520 | 169,483,916 | 514,921,353 | 468,104,461 |
| Other operating income | | 13,023,282 | 11,516,349 | 53,148,559 | 33,146,558 |
| Administrative expenses | | (28,170,335) | (19,456,555) | (81,587,587) | (60,142,989) |
| Selling and distribution cost | | (92,160,701) | (63,576,007) | (223,513,098) | (169,983,232) |
| Finance cost | | (1,387,281) | (2,062,551) | (8,974,152) | (3,312,027) |
| Other charges | | (2,847,107) | (6,818,055) | (16,559,752) | (20,456,820) |
| Share in profit of Farmacia - 98% owned partnership firm | | 4,095,112 | 1,998,808 | 9,272,663 | 6,090,814 |
| Profit before taxation | | 47,871,489 | 91,085,905 | 246,707,986 | 253,446,765 |
| Provision for taxation | 13 | (7,051,034) | (28,096,282) | (20,289,773) | (73,184,329) |
| Profit for the period | | 40,820,454 | 62,989,623 | 226,418,213 | 180,262,436 |
| Earnings per share - basic and diluted | | 1.63 | 2.52 | 9.06 | 7.21 |

The annexed notes 1 to 16 form an integral part of these financial statements.

Rawalpindi
 April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM UNCONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | 3 Months Ended March 31, 2011 (Rupees) | 3 Months Ended March 31, 2010 (Rupees) | 9 Months Ended March 31, 2011 (Rupees) | 9 Months Ended March 31, 2010 (Rupees) |
|--|--|--|--|--|
| Profit after tax | 40,820,454 | 62,989,623 | 226,418,213 | 180,262,436 |
| Other comprehensive income | | | | |
| Transfer from surplus on revaluation of fixed assets | 2,097,582 | 1,592,859 | 6,292,747 | 4,778,579 |
| Income tax on other comprehensive income | (734,153) | (557,501) | (2,202,461) | (1,672,503) |
| Other comprehensive income for the period net of tax | 1,363,249 | 1,035,358 | 4,090,286 | 3,106,076 |
| Total comprehensive income | 42,183,883 | 64,024,981 | 230,508,498 | 183,368,512 |

The annexed notes 1 to 16 form an integral part of these financial statements.

Rawalpindi
 April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | 9 Months Ended March 31, 2011 (Rupees) | 9 Months Ended March 31, 2010 (Rupees) |
|--|--|--|
| Cash flow from operating activities | | |
| Profit before taxation | 246,707,986 | 253,446,765 |
| Adjustments for: | | |
| Depreciation | 46,884,662 | 37,111,289 |
| Loss/(gain) on disposal of property, plant and equipment | 1,508,909 | (2,567,647) |
| Finance cost | 8,974,152 | 3,245,406 |
| Dividends, capital gains and income from investments and deposits | (51,752,455) | (23,185,145) |
| Provision for Workers' (Profit) Participation Fund | 10,042,326 | - |
| Provision for Workers' Welfare Fund | 4,016,930 | - |
| Provision for Central Research Fund | 2,467,411 | - |
| Gain on remeasurement of short term investments | (2,609,658) | (852,798) |
| (Gain)/loss on fair value adjustment of interest rate swap | (295,355) | 66,621 |
| Long term investment written off | 33,085 | - |
| Share in profit of Farmacia - 98% owned subsidiary firm | (9,272,663) | (6,090,814) |
| | 9,997,344 | 7,726,912 |
| | 256,705,330 | 261,173,677 |
| Working capital changes | | |
| Increase in Stocks and stores, spare parts and loose tools | (76,482,456) | (48,348,830) |
| Increase in Trade debts | (30,229,110) | (169,237,549) |
| Increase/(Decrease) in loans, advances, deposits, prepayments and other receivables | (19,086,685) | 20,102,103 |
| Increase in trade and other payables | 4,344,609 | 2,926,160 |
| | (121,453,643) | (194,558,116) |
| Cash generated from operations | 135,251,687 | 66,615,561 |
| Finance cost paid | (7,889,876) | (17,079,675) |
| Income taxes paid | (16,145,834) | (54,104,527) |
| Payment to Workers' (Profit) Participation Fund | (15,105,721) | - |
| Payment to Central Research Fund | (3,344,013) | - |
| | (42,485,444) | (71,184,202) |
| Net cash from operations | 92,766,243 | (4,568,641) |
| Cash flow from investing activities | | |
| Decrease in long term loan | 29,716,000 | - |
| Long term Deposits | (26,600) | - |
| Purchase of property, plant and equipment | (25,156,790) | (48,130,210) |
| Proceeds from disposal of property, plant and equipment | 2,269,250 | 3,954,405 |
| Purchase of short term investments | - | (6,790,558) |
| Proceeds from incashment of short term investments | - | 30,763,168 |
| Dividends, capital gains and income from investments and deposits received | 6,544,632 | 16,177,826 |
| Net cash generated/(used in) from investing activities | 13,346,492 | (4,025,369) |
| Cash flow from financing activities | | |
| Payment of finance lease liabilities | (475,003) | (724,060) |
| Short term borrowing | (36,528,049) | 55,418,393 |
| Repayment of long term financing | (42,562,500) | (42,562,500) |
| Payment of Dividend | (450,557) | (16,809,357) |
| Net cash used in financing activities | (80,016,109) | (4,677,524) |
| Net increase/(decrease) in cash and cash equivalents during the period | 26,096,626 | (13,271,534) |
| Cash and cash equivalents at the beginning of the period | 15,267,082 | 22,283,007 |
| Cash and cash equivalents at the end of the period | 41,363,708 | 9,011,473 |

The annexed notes 1 to 16 form an integral part of these financial statements.

Rawalpindi
April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | Share Capital (Rupees) | Capital reserve (Rupees) | Revenue reserve Unappropriated Profit (Rupees) | Total (Rupees) |
|--|------------------------------|--------------------------------|---|----------------------|
| Balance as at July 01, 2009 | 173,607,322 | 321,843 | 796,200,236 | 970,129,401 |
| Total Comprehensive income for the period | | | | |
| Profit for the period | — | — | 180,262,436 | 180,262,436 |
| Other Comprehensive income | | | | |
| Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity | — | — | 3,106,076 | 3,106,076 |
| Total other comprehensive income for the period | — | — | 3,106,076 | 3,106,076 |
| Total comprehensive income for the period | — | — | 183,368,512 | 183,368,512 |
| Transactions with owners, recorded directly in equity | | | | |
| Final dividend for the year ended June 30, 2009 Rs. 1.00 per share | — | — | (17,360,732) | (17,360,732) |
| Bonus shares issued at 20% for the year ended June 30, 2009 | 34,721,464 | — | (34,721,464) | — |
| Total Transaction to owners | 34,721,464 | — | (52,082,196) | (17,360,732) |
| Balance as at March 31, 2010 | <u>208,328,786</u> | <u>321,843</u> | <u>927,486,552</u> | <u>1,136,137,181</u> |
| Balance as at July 01, 2010 | 208,328,786 | 321,843 | 1,067,114,429 | 1,275,765,058 |
| Total Comprehensive income for the period | | | | |
| Profit for the period | — | — | 226,418,213 | 226,418,213 |
| Other Comprehensive income | | | | |
| Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity | — | — | 4,090,286 | 4,090,286 |
| Total other comprehensive income for the period | — | — | 4,090,286 | 4,090,286 |
| Total comprehensive income for the period | — | — | 230,508,498 | 230,508,498 |
| Transaction with owners, recorded directly in equity | | | | |
| Bonus shares issued at 20% for the year ended June 30, 2010 | 4,166,575 | — | (4,166,575) | — |
| Interim dividend for the year ending June 30, 2011 Rs. 1.25 per share | 4,166,575 | — | (72,914,888) | (31,249,131) |
| Balance as at March 31, 2011 | <u>249,994,543</u> | <u>321,843</u> | <u>1,224,708,040</u> | <u>1,475,024,246</u> |

The annexed notes 1 to 16 form an integral part of these financial statements.

Rawalpindi
April 23, 2011

Director

Chairperson & Chief Executive

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER / NINE MONTHS ENDED MARCH 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 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, 2010. Comparative balance sheet is extracted from annual financial statements as of June 30, 2010 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the nine months ended March 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, 2010.

4. SHARE CAPITAL

During the nine months ended March 31, 2011 the Company issued 4,166,575 ordinary shares (31 March 2010: 3,472,147) 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 nine months ended March 31, 2011 the Company made repayments towards principal amounting to Rs. 42.56 million (31 March 2010: Rs. 42.56 million) whereas repayments of Rs. 56.75 million are due within next twelve months.

6. TRADE AND OTHER PAYABLES

These include Rs.912,652 (June 30, 2010: Rs. Nil) payable to Farmacia on account of services rendered on behalf of the Company.

7. CONTINGENCIES AND COMMITMENTS

There is no change in the contingent liability as reported in the annual financial statements for the year ended June 30, 2010.

Commitments for capital expenditure and letters of credit issued by banks on behalf of the Company amount to Rs. 15.50 million (June 30, 2010: Rs. 13.98 million) and Rs. 76.52 (June 30, 2010 : Rs. 28.07 million) respectively.

8. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended March 31, 2011 the Company acquired property, plant and equipment aggregating Rs. 25.15 million (March 31, 2010: Rs.48.13 million). During the nine months ended March 31, 2011 assets with the carrying value of Rs. 3.8 million (March 31, 2010: Rs.2.3 million) were disposed off.

9. 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.

Principal repayments amounting Rs. 79.69 million (March 31, 2010: Rs. 56.75 million) are due within next twelve months.

10. TRADE DEBTS - SECURED, CONSIDERED GOOD

These include Rs.0.5 million (June 30, 2010: Rs. 3.72 million) due from BF Biosciences Limited.

11. OTHER RECEIVABLES

These include Rs.616,014 (June 30, 2010: Rs. 435,937) receivable from BF Biosciences Limited on account of expenses incurred on behalf of these subsidiaries.

12. COST OF SALES

| | | 3 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 3 Months Ended March 31, 2010 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2010 (Un-Audited) (Rupees) |
|-------------------------------|------|--|--|--|--|
| Material consumed | 12.1 | 142,148,404 | 123,707,371 | 396,826,950 | 424,733,206 |
| Manufacturing expenses | | 40,011,113 | 29,709,970 | 102,229,766 | 84,311,569 |
| Opening work in process | | 16,633,514 | 12,829,495 | 9,069,289 | 7,791,792 |
| | | <u>198,793,031</u> | <u>166,246,836</u> | <u>508,126,005</u> | <u>516,836,567</u> |
| Less: closing work in process | | <u>(16,138,450)</u> | <u>(8,980,460)</u> | <u>(16,138,450)</u> | <u>(8,980,460)</u> |
| Cost of goods manufactured | | 182,654,581 | 157,266,376 | 491,987,555 | 507,856,107 |
| Add: opening finished goods | | 158,098,956 | 147,061,047 | 138,056,563 | 123,514,890 |
| | | <u>340,753,537</u> | <u>304,327,423</u> | <u>630,044,118</u> | <u>631,370,997</u> |
| Less: closing finished goods | | <u>(147,204,246)</u> | <u>(150,601,690)</u> | <u>(147,204,246)</u> | <u>(150,601,690)</u> |
| Cost of sales | | <u>193,549,291</u> | <u>153,725,733</u> | <u>482,839,872</u> | <u>480,769,307</u> |

| | 3 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 3 Months Ended March 31, 2010 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2010 (Un-Audited) (Rupees) |
|-------------------------------------|--|--|--|--|
| 12.1 Material consumed | | | | |
| Opening stock | 138,668,900 | 116,564,923 | 138,107,999 | 134,222,613 |
| Add: Purchases during the period | <u>169,197,869</u> | <u>135,723,676</u> | <u>424,437,316</u> | <u>419,091,821</u> |
| | 307,866,769 | 252,288,599 | 562,545,315 | 553,314,434 |
| Less: closing stock | <u>(165,718,365)</u> | <u>(128,581,228)</u> | <u>(165,718,365)</u> | <u>(128,581,228)</u> |
| | <u>142,148,404</u> | <u>123,707,371</u> | <u>396,826,950</u> | <u>424,733,206</u> |

13. TAXATION

| | Note | 9 Months March 31, 2011 (Un-Audited) (Rupees) | 9 Months March 31, 2010 (Un-Audited) (Rupees) |
|---------|-------------|--|--|
| Current | 13.1 | 9,9977,612 | 76,894,439 |
| Deferr | | <u>10,312,161</u> | <u>(3,710,110)</u> |
| | | <u>20,289,773</u> | <u>73,184,329</u> |

13.1 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.

14. 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:

| | 9 months ended March 31, 2011 (Rupees) | 9 months ended March 31, 2010 (Rupees) |
|---|--|--|
| Farmacina-98% owned subsidiary firm | | |
| Sale of medicines | 4,697,172 | 26,527,517 |
| Share of profit reinvested | 9,272,663 | 6,090,814 |
| Services rendered | 912,652 | - |
| BF Biosciences Limited-80% owned subsidiary | | |
| Mark up on long term loan | 45,503,178 | 17,735,508 |
| Mark up on long term loan received | 29,716,000 | - |
| Amount of capital work in progress transferred by the Company | - | 23,401,241 |
| Sale of medicines | 62,819,313 | 140,465,399 |
| Expenses incurred on behalf of subsidiary | 616,014 | - |
| Other related parties | | |
| Contribution to employees provident fund | 6,447,683 | 5,293,780 |
| Remuneration including benefits and perquisites of key management personnel | 49,062,108 | 35,773,204 |

15. 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 April 23, 2011.

16. GENERAL

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

Rawalpindi
April 23, 2011

Director

Chairperson & Chief Executive



***Condensed Interim
Consolidated Financial
Information for the
Quarter/Nine Months
Ended March 31, 2011***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

| | Note | March 31, 2011 Un-Audited (Rupees) | June 30, 2010 Audited (Rupees) |
|--|------|---|---|
| SHARE CAPITAL AND RESERVES | | | |
| Share Capital | 3 | 249,994,543 | 208,328,786 |
| Capital reserve | | 321,843 | 321,843 |
| Revenue reserve - unappropriated profit | | 1,230,923,763 | 1,007,224,346 |
| | | <u>1,481,240,149</u> | <u>1,215,874,975</u> |
| NON-CONTROLLING INTEREST | | | |
| | | <u>41,187,712</u> | <u>24,472,022</u> |
| Total equity | | 1,522,427,861 | 1,240,346,997 |
| SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax | | | |
| | 4 | 237,930,526 | 242,020,812 |
| NON CURRENT LIABILITIES | | | |
| Long term financing - secured | 5 | 9,343,750 | 79,937,500 |
| Deferred taxation - net | | 68,641,337 | 58,329,177 |
| | | <u>77,985,087</u> | <u>138,266,677</u> |
| DERIVATIVE LIABILITY - INTEREST RATE SWAP | | | |
| | | 45,981 | 140,174 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 259,038,439 | 226,805,532 |
| Short term borrowings - secured | | - | 36,528,049 |
| Accrued markup on long term financing | | 3,932,661 | 3,306,950 |
| Current portion of long term financing | 5 | 94,125,000 | 94,125,000 |
| Current portion of liabilities against assets subject to finance lease | | - | 475,004 |
| | | <u>357,096,100</u> | <u>361,240,535</u> |
| | | <u>2,195,485,554</u> | <u>1,982,015,195</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | - | - |

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

SHEET AS AT MARCH 31, 2011

| | Note | March 31, 2011 Un-Audited (Rupees) | June 30, 2010 Audited (Rupees) |
|--|------|---|---|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 1,255,457,520 | 1,294,926,905 |
| Long term investments | | | 33,085 |
| Long term deposits | | 5,090,500 | 5,444,100 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 15,027,648 | 4,640,630 |
| Stock in trade | | 512,148,506 | 389,994,805 |
| Trade debts - secured, considered good | | 142,662,021 | 74,110,069 |
| Loans and advances-considered good | | 41,427,425 | 27,822,383 |
| Deposits and prepayments | | 17,052,167 | 11,612,557 |
| Advance income tax - net | | 108,936,417 | 97,011,481 |
| Other receivables | | 1,397,627 | 211,716 |
| Other financial assets | 7 | 22,916,565 | 19,714,907 |
| Cash and bank balances | | 73,369,158 | 56,492,557 |
| | | 934,937,534 | 681,611,105 |
| | | 2,195,485,554 | 1,982,015,195 |

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | | 3 Months Ended March 31, 2011 (Rupees) | 3 Months Ended March 31, 2010 (Rupees) | 9 Months Ended March 31, 2011 (Rupees) | 9 Months Ended March 31, 2010 (Rupees) |
|------------------------------------|---|--|--|--|--|
| Net sales | | 624,695,365 | 396,252,014 | 1,484,929,817 | 1,134,850,825 |
| Cost of sales | 8 | <u>(353,670,774)</u> | <u>(205,439,060)</u> | <u>(727,989,538)</u> | <u>(608,140,886)</u> |
| Gross profit | | 271,024,591 | 190,812,954 | 756,940,279 | 526,709,939 |
| Other operating income | | (1,619,473) | 12,667,865 | 10,482,725 | 36,160,138 |
| Administrative expenses | | <u>(29,078,460)</u> | <u>(20,615,659)</u> | <u>(84,375,713)</u> | <u>(68,392,637)</u> |
| Selling and distribution cost | | <u>(124,145,394)</u> | <u>(83,453,772)</u> | <u>(306,741,432)</u> | <u>(234,574,276)</u> |
| Finance cost | | <u>(3,985,852)</u> | <u>(10,459,994)</u> | <u>(16,189,571)</u> | <u>(32,764,201)</u> |
| Other charges | | <u>(6,613,202)</u> | <u>(6,818,076)</u> | <u>(22,135,524)</u> | <u>(20,456,820)</u> |
| Profit before taxation | | 105,582,209 | 82,097,318 | 337,980,764 | 206,682,143 |
| Provision for taxation | | <u>(11,227,751)</u> | <u>(28,693,449)</u> | <u>(28,741,055)</u> | <u>(75,187,554)</u> |
| Profit after taxation | | <u>94,354,458</u> | <u>53,403,869</u> | <u>309,239,709</u> | <u>131,494,589</u> |
| Attributable to: | | | | | |
| Shareholders of the parent company | | 83,139,395 | 55,288,381 | 292,524,020 | 141,148,717 |
| Non controlling interest | | <u>11,215,063</u> | <u>(1,884,512)</u> | <u>16,715,690</u> | <u>(9,654,128)</u> |
| Profit for the period | | <u>94,354,458</u> | <u>53,403,869</u> | <u>309,239,709</u> | <u>131,494,589</u> |

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

Rawalpindi
 April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | 3 Months Ended March 31, 2011 (Rupees) | 3 Months Ended March 31, 2010 (Rupees) | 9 Months Ended March 31, 2011 (Rupees) | 9 Months Ended March 31, 2010 (Rupees) |
|--|--|--|--|--|
| Profit after tax | 94,354,458 | 53,403,869 | 309,239,709 | 131,494,589 |
| Other comprehensive income | | | | |
| Transfer from surplus on revaluation of fixed assets | 2,097,582 | 1,592,860 | 6,292,747 | 4,778,579 |
| Income tax on other comprehensive income | (734,153) | (557,501) | (2,202,461) | (1,672,503) |
| Other comprehensive income for the period net of tax | 1,363,249 | 1,035,358 | 4,090,286 | 3,106,076 |
| Total comprehensive income | 95,717,887 | 54,439,228 | 313,329,995 | 134,600,665 |

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

Rawalpindi
 April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | March 31, 2009 (Rupees) | March 31, 2008 (Rupees) |
|---|----------------------------|----------------------------|
| Cash flow from operating activities | | |
| Profit before taxation | 337,980,764 | 206,682,143 |
| Adjustments for: | | |
| Depreciation | 94,705,704 | 81,255,963 |
| Loss/(gain) on disposal of property, plant and equipment | 1,508,909 | (2,575,223) |
| Finance cost | 16,189,571 | 32,006,137 |
| Dividends, capital gains and interest income from investments and deposits | (9,086,621) | (26,191,149) |
| Provision for Workers' (Profit) Participation Fund | 14,688,802 | - |
| Provision for Workers' Welfare Fund | 4,016,930 | - |
| Provision for Central Research Fund | 3,396,706 | - |
| Gain on remeasurement of short term investments | (2,609,658) | (852,798) |
| Loss on fair value adjustment of interest rate swap | - | 758,064 |
| Long term investment written off | 33,085 | - |
| | <u>122,843,428</u> | <u>84,400,994</u> |
| | 460,824,193 | 375,484,131 |
| Working capital charges | | |
| Increase in stocks and stores, spare parts and loose tools | (132,540,719) | (103,431,094) |
| Increase in trade debts | (68,551,952) | (65,447,719) |
| Increase/(Decrease) in loans, advances, deposits, prepayments and other receivables | (19,876,963) | 9,467,569 |
| (Decrease)/Increase trade and other payables | (2,312,564) | 37,069,173 |
| | <u>(223,282,198)</u> | <u>(122,342,071)</u> |
| Cash generated from operations | 237,541,995 | 253,142,060 |
| Finance cost paid | (15,563,860) | (35,782,171) |
| Income taxes paid | (30,353,830) | (61,142,404) |
| Payment to Workers' (Profit) Participation Fund | (14,176,426) | - |
| Payment to Central Research Fund | (4,273,308) | - |
| | <u>(64,367,424)</u> | <u>(96,924,575)</u> |
| Net cash from operations | 173,174,571 | 156,217,485 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (59,014,479) | (118,570,199) |
| Proceeds from disposal of property, plant and equipment | 2,269,251 | 3,995,806 |
| Purchase of short term investments | (592,000) | (6,790,558) |
| Proceeds from incashment of short term investments | - | 59,668,247 |
| Dividends, capital and income from investments and deposits received | 9,086,621 | 26,260,561 |
| Net cash used in investing activities | (48,250,607) | (35,436,143) |
| Cash flow from financing activities | | |
| Payment of finance lease liabilities | (475,003) | (724,060) |
| Short term borrowing | (36,528,049) | 54,869,839 |
| Repayment of long term financing | (70,593,750) | (70,593,750) |
| Payment of dividend | (450,562) | (16,809,357) |
| Net cash used in financing activities | (108,047,364) | (33,257,328) |
| Net increase in cash and cash equivalents during the period | 16,876,600 | 87,524,014 |
| Cash and cash equivalents at the beginning of the period | 56,492,557 | 45,743,760 |
| Cash and cash equivalents at the end of the period | <u>73,369,157</u> | <u>133,267,774</u> |

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

Rawalpindi
April 23, 2011

Director

Chairperson & Chief Executive

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2011**

| | Share capital (Rupees) | Capital reserve (Rupees) | Revenue reserve Unappropriated profit (Rupees) | Total (Rupees) | Minority Interest (Rupees) | Total (Rupees) |
|--|---------------------------|-----------------------------|---|----------------------|----------------------------------|----------------------|
| Balance as at July 01, 2009 | 173,607,322 | 321,843 | 795,036,930 | 968,966,095 | 38,990,296 | 1,007,956,391 |
| Total Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 141,148,717 | 141,148,717 | (9,654,128) | 131,494,589 |
| Other Comprehensive income | | | | | | |
| Transfer from surplus on revaluation of fixed assets | | | | | | |
| Net income recognized directly in equity | - | - | 3,106,076 | 3,106,076 | - | 3,106,076 |
| Total other comprehensive income for the period | | | 3,106,076 | 3,106,076 | - | 3,106,076 |
| Total comprehensive income for the period | | | 144,254,793 | 144,254,793 | (9,654,128) | 134,600,665 |
| Distribution to owners | | | | | | |
| Final dividend for the year ended June 30, 2009 Rs. 1.00 per share | - | - | (17,360,732) | (17,360,732) | - | (17,360,732) |
| Bonus shares issued at 20% for the year ended June 30, 2009 | 34,721,464 | - | (34,721,464) | - | - | - |
| Total Transactions with owners | 34,721,464 | - | (52,082,196) | (17,360,732) | - | (17,360,732) |
| Balance as at March 31, 2010 | <u>208,328,786</u> | <u>321,843</u> | <u>887,209,527</u> | <u>1,095,860,156</u> | <u>29,336,168</u> | <u>1,125,196,324</u> |
| Balance as at July 01, 2010 | 208,328,786 | 321,843 | 1,007,224,346 | 1,215,874,975 | 24,472,022 | 1,240,346,997 |
| Total Comprehensive income for the period | | | | | | |
| Profit for the period after taxation | - | - | 292,524,020 | 292,524,020 | 16,715,690 | 309,239,709 |
| Other Comprehensive income | | | | | | |
| Transfer from surplus on revaluation of fixed assets | | | | | | |
| Net income recognized directly in equity | - | - | 4,090,286 | 4,090,286 | - | 4,090,286 |
| Total other comprehensive income for the period | | | 4,090,286 | 4,090,286 | | 4,090,286 |
| Total comprehensive income for the period | | | 296,614,305 | 296,614,305 | 16,715,690 | 313,329,995 |
| Distribution to owners | | | | | | |
| Interim dividend for the year ending June 30, 2011 Rs. 1.25 per share | - | - | (31,249,131) | (31,249,131) | - | (31,249,131) |
| Bonus shares issued at 20% for the year ended June 30, 2010 | 41,665,757 | - | (41,665,757) | - | - | - |
| Total Transactions with owners | 41,665,757 | - | (72,914,888) | (31,249,131) | - | (31,249,131) |
| Balance as at March 31, 2011 | <u>249,994,543</u> | <u>321,843</u> | <u>1,230,923,763</u> | <u>1,481,240,149</u> | <u>41,187,712</u> | <u>1,522,427,861</u> |

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

Rawalpindi
 April 23, 2011

Director

Chairperson & Chief Executive

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
 FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 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 company is domiciled in Rawalpindi, Pakistan.

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, 2010. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2010 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 nine months period ended March 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, 2010.

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 nine months period ended on March 31, 2011.

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.

3. SHARE CAPITAL

| | March 31, 2011 (Rupees) | June 30, 2010 (Rupees) |
|--|--|------------------------------|
| Authorized share capital | <u>250,000,000</u> | <u>250,000,000</u> |
| Issued, subscribed and paid up capital | <u>249,994,543</u> | <u>208,328,786</u> |

| | Note | March 31, 2011 (Rupees) | June 30, 2010 (Rupees) |
|--|------|-------------------------------|------------------------------|
| 4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax | | | |
| Surplus on revaluation of fixed assets as at 01 July. | | 267,331,843 | 275,722,172 |
| Surplus transferred to equity in respect of incremental depreciation charged during the period/year: | | | |
| - Net of deferred tax | | (4,090,286) | (5,453,714) |
| - Related deferred tax liability | | (2,202,461) | (2,936,615) |
| | | <u>(6,292,747)</u> | <u>(8,390,329)</u> |
| Surplus on revaluation of fixed assets as at 31 March | | 261,039,096 | 267,331,843 |
| Related deferred tax liability: | | | |
| - On Revaluation as at 01 July | | (25,311,031) | (28,247,646) |
| - Transferred to equity - Incremental depreciation charged during the period/year | | 2,202,461 | 2,936,615 |
| | | <u>(23,108,570)</u> | <u>(25,311,031)</u> |
| | | <u>237,930,526</u> | <u>242,020,812</u> |
| 5. LONG TERM FINANCING - secured | | | |
| Opening balance | | 174,062,500 | 268,187,500 |
| Add. Disbursements during the period/year | | - | - |
| | | <u>174,062,500</u> | <u>268,187,500</u> |
| Less: Repayments during the period/year | | (70,593,750) | (94,125,000) |
| | | <u>103,468,750</u> | <u>174,062,500</u> |
| Less: Current portion shown under current liabilities | | (94,125,000) | (94,125,000) |
| | | <u>9,343,750</u> | <u>79,937,500</u> |
| <p>The Parent Company has entered into a pay fix, receive variable interest rate swap agreement with a bank to hedge the interest rate exposure on the long term financing from HBL at notional amount of Rs. 275 million. As per the terms of the agreement the company will pay fix interest rate @ 12.8% p.a. to the bank and will receive 3 months PKR KIBOR. Effective period of swap is from July 25, 2007 till July 25, 2011. This swap agreement arrangement does not qualify for hedge accounting under the requirements of International Accounting Standard - 39 "Financial Instruments: Recognition and Measurement". Accordingly, this has been measured at its fair value as at the balance sheet date and resultant loss of Rs. 1.1 million has been recognized in the profit and loss account.</p> | | | |
| 6. PROPERTY, PLANT AND EQUIPMENT | | | |
| Opening net book value | | 1,294,926,905 | 1,273,098,467 |
| Add: | | | |
| Additions during the period/year | 6.1 | 59,014,479 | 158,898,207 |
| Less: | | | |
| Written down value of disposals | | (3,778,160) | (28,406,268) |
| Depreciation | | (94,705,704) | (108,663,501) |
| | | <u>(98,483,864)</u> | <u>(137,069,769)</u> |
| | | <u>1,255,457,520</u> | <u>1,294,926,905</u> |

| | Note | March 31, 2011 (Rupees) | June 30, 2010 (Rupees) |
|---|------|-------------------------------|------------------------------|
| 6.1 Additions during the period/year represents: | | | |
| Freehold land | | - | 2,000,000 |
| Building on freehold land | | 2,641,523 | 47,034,286 |
| Plant and machinery | | 13,969,552 | 32,916,366 |
| Office equipments | | 2,876,437 | 4,857,513 |
| Furniture and fixtures | | 430,971 | 722,218 |
| Computers | | 1,906,444 | 1,757,248 |
| Vehicles-owned | | 9,704,300 | 23,527,932 |
| Capital work in progress | | 27,485,252 | 46,082,643 |
| | | <u>59,014,479</u> | <u>158,898,207</u> |
| 7. OTHER FINANCIAL ASSETS | | | |
| Held to maturity investments - local currency | 7.1 | 10,592,000 | 10,000,000 |
| Investments at fair value through profit and loss - listed securities | 7.2 | 12,324,565 | 9,714,907 |
| | | <u>22,916,565</u> | <u>19,714,907</u> |

7.1 Held to maturity investment

This represents investment in term deposit receipts having maturity of three months which carries interest rate of 14.50% per annum.

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

| Number of shares | | Name of Companies | March 31, 2011 (Rupees) | | June 30, 2010 (Rupees) | |
|------------------|-----------|--|----------------------------|-------------------|---------------------------|-------------------|
| September 2010 | June 2010 | | Carrying value | Fair value | Carrying value | Fair value |
| 25,000 | 25,000 | Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each | 997,250 | 775,000 | 1,154,000 | 997,250 |
| 155,755 | 155,755 | Bank Alfalah Ltd Ordinary shares of Rs. 10 each | 1,473,442 | 1,529,514 | 1,643,215 | 1,473,442 |
| 415,000 | 415,000 | PICIC-Growth Fund Ordinary shares of Rs. 10 each | 3,842,900 | 5,129,400 | 4,069,526 | 3,842,900 |
| 7,000 | 7,000 | Pakistan Oilfields.Ltd. Ordinary shares of Rs. 10 each | 1,511,300 | 2,275,630 | 1,658,604 | 1,511,300 |
| 500,004 | 500,004 | PICIC-IF Ordinary shares of Rs. 10 each | 1,890,015 | 2,615,021 | 1,890,015 | 1,890,015 |
| | | | 9,714,907 | 12,324,565 | 10,415,360 | 9,714,907 |
| | | Unrealised (loss) / Gain on account of remeasurement to fair value | 2,609,658 | — | (700,453) | 2,609,658 |
| | | | <u>12,324,565</u> | <u>12,324,565</u> | <u>9,714,907</u> | <u>12,324,565</u> |

8 COST OF SALES

| | | 3 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 3 Months Ended March 31, 2010 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2011 (Un-Audited) (Rupees) | 9 Months Ended March 31, 2010 (Un-Audited) (Rupees) |
|-------------------------------|-------------|--|--|--|--|
| | Note | | | | |
| Material consumed | 8.1 | 241,378,337 | 168,261,198 | 580,797,328 | 533,661,869 |
| Manufacturing expenses | | 76,950,311 | 56,807,389 | 203,075,243 | 157,354,896 |
| Opening work in process | | 49,893,019 | 12,829,495 | 9,069,289 | 7,791,792 |
| | | 368,221,667 | 237,898,082 | 792,941,859 | 698,808,921 |
| Less: closing work in process | | (49,625,505) | (8,980,460) | (49,625,505) | (8,980,460) |
| Cost of goods manufactured | | 318,596,162 | 228,917,622 | 743,316,354 | 689,828,461 |
| Add: opening finished goods | | 253,139,865 | 189,660,438 | 202,738,436 | 131,451,425 |
| | | 571,736,027 | 418,578,060 | 946,054,790 | 821,279,886 |
| Less: closing finished goods | | (218,065,252) | (213,139,000) | (218,065,252) | (213,139,000) |
| Cost of sales | | 353,670,774 | 205,439,060 | 727,989,538 | 608,140,886 |

8.1 Material consumed

| | | | | |
|-------------------------------------|----------------------|---------------|----------------------|---------------|
| Opening stock | 182,306,076 | 116,564,923 | 164,529,561 | 134,222,613 |
| Add: purchases during the period | 264,100,784 | 180,277,503 | 621,296,289 | 528,020,484 |
| | 446,406,860 | 296,842,426 | 785,825,851 | 662,243,097 |
| Less: closing stock | (205,028,523) | (128,581,228) | (205,028,523) | (128,581,228) |
| | 241,378,337 | 168,261,198 | 580,797,328 | 533,661,869 |

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:

| | 9 Months March 31, 2011 (Un-Audited) (Rupees) | 9 Months March 31, 2010 (Un-Audited) (Rupees) |
|---|--|--|
| Other related parties | | |
| Contribution to employee provident fund | 7,572,716 | 3,685,419 |

| | March 31,2011 (Un-Audited) (Rupees) | June 30,2010 (Audited) (Rupees) |
|--|--|---------------------------------------|
| 10. CONTINGENCIES AND COMMITMENTS | | |
| Contingencies: | | |
| i Guarantees issued by banks on behalf of the company | 19,303,000 | 8,755,640 |
| Commitments: | | |
| ii Capital Expenditure | 35,000,000 | 29,277,640 |
| iii Letter of credits other than for capital expenditure | 76,517,465 | 28,073,300 |

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 April 23, 2011.

Rawalpindi
April 23, 2011

Director

Chairperson & Chief Executive

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



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