



***Condensed Interim
Financial Information
for the Quarter Ended
September 30, 2010***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2010

We are pleased to present your Company's individual and consolidated financial information for the quarter ended September 30, 2010. This condensed interim financial information is un-audited and is being submitted to share holders as required by Section 245 of the Companies Ordinance, 1984. This has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. The consolidated financial information incorporate the Company's 98% owned Farmacia retail venture, as well as its subsidiary BF Biosciences Limited.

Your Company's Individual and Consolidated Financial Results

A summary of the operating results for the year and appropriation of the divisible profits is given below:

	Individual		Consolidated	
	Quarter Ended 30-Sep-2010	Quarter Ended 30-Sep-2009	Quarter Ended 30-Sep-2010	Quarter Ended 30-Sep-2009
	(Rupees in thousands)			
Sales (net)	271,484	298,038	398,776	345,753
Gross Profit	155,357	142,689	208,544	163,508
Profit before tax	82,829	88,076	95,851	73,588
Taxation	(138)	(24,361)	(941)	(25,109)
Profit after tax	82,691	63,716	94,910	48,479

It is pertinent to mention at the outset that the previous year's sales of the company included its Biotech product range, which have subsequently been fully transferred to its Subsidiary Company, BF Biosciences Limited, during the current year and are now sold from the BF Biosciences platform. Hence the comparison of sales is misleading when solely looking at the company's individual 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.

For the reason mentioned above, there is a decline of 8.91% in the Net Sales of your Company's pharmaceutical operations for the 1st Quarter under review when compared to the same quarter last year. However, the consolidated Net Sales including sales of the subsidiary show an increase of 15.34% for the 1st quarter.

The cost of sales of your Company also showed a decreased by 25.25%, during 1st quarter ended September 30, 2010, thus giving an increase of 8.88% in GP margin. The main reason behind this trend was the decline in share of Boston and Biotech sales that carry a lower GP Margin. Again, the effect of biotech related sales was nullified in consolidated figures.

The above mentioned effect also caused a decrease of 5.96% in your Company's Net Profit before Tax in the 1st Quarter. However the Consolidated Profit before Tax, registered an increase of 30.25%, from Rs. 73.588 Million during the first quarter of last year to Rs. 95.851 Million during the same period of the current year.

Net Profit After Tax (NPAT) increased by 29.78% in 1st Quarter ended September 30, 2010 in comparison with the same period last year. Consolidated NPAT stood at Rs. 94.910 Million.

Based on the net profit for the quarter ended September 30, 2010, the Earnings per Share (EPS), both basic and diluted, stand at 3.31 compared to EPS of Rs. 2.55 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

We are pleased to report that the operations of our newly launched subsidiary, BF Biosciences Limited, are proceeding well now. The Company is now locally manufacturing five key biotech products, and despite severe cost-pressures posed by the ongoing energy crisis, the company has improved both its market share and profitability. Peg-INF, its newly launched pegylated interferon for treatment of Hepatitis C has been a success, and we are confident that the Company will Insha-Allah further improve its performance in the coming quarters.

Future Outlook

Following the devastating floods that destroyed a large part of the country's agricultural output, it is expected that the overall economy, including the Pharma sector, will experience a slow-down in output and consumption.

To counter this, the company is planning to launch further new products to broaden its product portfolio in cardiology and gastroenterology. We are also aggressively pursuing export markets for both Ferozsons and BF Biosciences Limited, and we are happy to report that export sales this year are more than double compared to last year.

Acknowledgments

We are grateful to our valued prescribers in the medical community for their continued faith in our products and to our employees for striving hard to embody their Company's values and building its trust and credibility in the customers' eyes.

We would like to thank our customer, distributors, suppliers and business partners for their continued cooperation. Without their support the financial and operational results reflected in these financials would not have been possible.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & Chief Executive

CONDENSED INTERIM BALANCE SHEET

		September 30, 2010 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		<u>1,109,503,369</u>	<u>1,067,114,429</u>
		1,359,819,755	1,275,765,058
SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax	4	240,657,384	242,020,812
NON CURRENT LIABILITIES			
Long term financing - secured	5	28,375,000	42,562,500
Deferred liability for taxation		<u>57,109,780</u>	<u>58,329,176</u>
		85,484,780	100,891,676
Derivative liability - interest rate swap		140,174	140,174
CURRENT LIABILITIES			
Trade and other payables		138,740,610	154,732,360
Accrued markup of long term financing		1,794,758	1,634,970
Current portion of long term financing	5	<u>56,750,000</u>	56,750,000
Current portion of liabilities against assets subject to finance lease		296,580	475,003
Short term borrowing		<u>29,092,499</u>	36,528,049
		226,674,447	250,120,382
		<u>1,912,776,540</u>	<u>1,868,938,102</u>
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes 1 to 15 form an integral part of these financial statements.

AS AT SEPTEMBER 30, 2010

	September 30, 2010 Un-Audited (Rupees)	June 30, 2010 Audited (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	6 736,075,226	742,280,446
Long term investments	7 224,602,035	222,813,836
Long term loan	425,000,000	425,000,000
Long term deposits	1,053,400	1,053,400
CURRENT ASSETS		
Stores, spares and loose tools	6,738,853	4,640,630
Stock in trade	314,539,853	296,402,640
Trade debts - considered good	8 63,217,991	45,215,438
Loans and advances - considered good	16,263,045	13,228,405
Deposits and prepayments	13,642,793	11,129,809
Advance income tax - net	87,643,121	81,090,608
Other receivables	9 965,109	1,100,901
Other financial assets	10 9,126,215	9,714,907
Cash and bank balances	13,908,899	15,267,082
	526,045,879	477,790,420
	1,912,776,540	1,868,938,102

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	NOTE	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
Sales- net		271,484,333	298,038,073
Cost of sales	11	<u>(116,127,786)</u>	<u>(155,349,082)</u>
Gross profit		155,356,547	142,688,991
Other operating income		17,488,481	14,342,989
Administrative expenses		(23,465,518)	(20,998,826)
Selling and distribution cost		(57,548,137)	(46,999,460)
Finance cost		(3,009,773)	(721,660)
Other charges		(7,780,504)	(5,962,489)
Gain on remeasurement of short term investments to fair value		-	2,985,604
Share in profit of Farmacia - 98% owned partnership firm		1,788,198	2,741,320
Profit before taxation		82,829,294	88,076,469
Provision for taxation		(138,026)	(24,360,564)
Profit after taxation		82,691,269	63,715,905
Earnings per share - basic and diluted		3.31	2.55

The annexed notes 1 to 15 form an integral part of these financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Quarter Ended September 30, 2010 Rupees	Quarter Ended September 30, 2009 Rupees
Profit after tax	82,691,269	63,715,905
Other comprehensive income		
Transfer from surplus on revaluation of fixed assets recognized directly in equity	2,097,582	8,390,329
Income tax on other comprehensive income	(734,154)	(2,936,615)
Other comprehensive income for the period net of tax	1,363,428	5,453,714
Total comprehensive income	84,054,697	69,169,619

The annexed notes 1 to 15 form an integral part of these financial statements.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
Cash flow from operating activities		
Profit before taxation	82,829,294	88,076,469
Adjustment for:		
Depreciation	13,703,745	12,990,829
Gain on disposal of property, plant and equipment	(308,400)	(1,382,027)
Finance cost	3,009,773	721,660
Dividends, capital gains and income from investments and deposits	(17,180,081)	(12,960,962)
Loss/(Gain) on remeasurement of short term investments to fair value	588,692	(2,985,604)
Share in profit of Farmacia-98% owned subsidiary firm	(1,788,198)	(2,741,320)
	(1,974,470)	(6,357,424)
	80,854,825	81,719,045
Working capital changes		
Increase in stocks and stores	(20,235,436)	(655,575)
Increase in trade debtors	(18,002,553)	(54,973,752)
Increase in loans, advances, deposits, prepayments and other receivables	(5,411,832)	(19,893,845)
(Decrease)/Increase in trade and other payables	(16,130,569)	13,132,686
	(59,780,390)	(62,390,486)
Cash generated from operations	21,074,435	19,328,559
Finance cost paid	(2,763,544)	(6,323,918)
Taxes paid	(7,909,934)	(10,260,065)
	(10,673,478)	(16,583,983)
Net cash generated from/(used in) operating activities	10,400,957	2,744,576
Cash flow from investing activities		
Purchase of property, plant and equipment	(8,517,125)	(16,394,752)
Purchase of short term investments	-	(2,290,971)
Sale proceeds from short term investments	-	35,384,335
Dividends, capital gains and income from investments and deposits	17,293,636	7,578,612
Sale proceeds of property, plant and equipment	1,327,000	2,041,383
Net cash from investing activities	10,103,511	26,318,607
Cash flow from financing activities		
Payment of finance lease liabilities	(178,423)	(232,563)
Short term borrowing	(7,435,550)	-
Repayment of long term financing	(14,187,500)	(14,187,500)
Dividend paid	(61,178)	(49,601)
Net cash used in financing activities	(21,862,651)	(14,469,664)
Net (Decrease)/Increase in cash and cash equivalents during the period	(1,358,183)	14,593,519
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	13,908,899	36,876,526

The annexed notes 1 to 15 form an integral part of these financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Share capital	Capital reserve	Revenue reserve Unappropriated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(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 after taxation	-	-	63,715,905	63,715,905
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets				
Net income recognized directly in equity	-	-	1,035,359	1,035,359
Total other comprehensive income for the period	-	-	1,035,359	1,035,359
Total comprehensive income for the period	-	-	64,751,264	64,751,264
Distribution to owners				
Final dividend for the year ended June 30, 2009 Re. 1 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 Transactions with owners	34,721,464	-	(52,082,196)	(17,360,732)
Balance as at September 30, 2009	<u>208,328,786</u>	<u>321,843</u>	<u>808,869,304</u>	<u>1,017,519,933</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 after taxation	-	-	82,691,269	82,691,269
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets				
Net income recognized directly in equity	-	-	1,363,428	1,363,428
Total other comprehensive income for the period	-	-	1,363,428	1,363,428
Total comprehensive income for the period	-	-	84,054,697	84,054,697
Distribution to owners				
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	-	(41,665,757)	-
Balance as at September 30, 2010	<u>249,994,543</u>	<u>321,843</u>	<u>1,109,503,369</u>	<u>1,359,819,755</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

1. STATUS AND 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. The registered office of the Company is situated at 197-A, The Mall, Rawalpindi and the Factory is located at Amangarh, Nowshera - Khyberpakhtoonkhwa.

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 three months period ended on September 30, 2009.

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 three months period ended on September 30, 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.

	September 30, 2010 (Rupees)	June 30, 2010 (Rupees)
3. SHARE CAPITAL		
Authorized share capital		
25,000,000 (June 30, 2010: 25,000,000) ordinary shares of Rs. 10 each	250,000,000	250,000,000
Issued, subscribed and paid up capital		
1,441,952 (June 30, 2010: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (June 30, 2010: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
23,437,902 (2010: 19,271,327) ordinary shares of Rs. 10 each issued as fully paid bonus shares	234,379,023	192,713,266
	249,994,543	208,328,786

	Note	September 30, 2010 (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:			
- Net of deferred tax		(1,363,428)	(5,453,714)
- Related deferred tax liability		(734,154)	(2,936,615)
		<u>(2,097,582)</u>	<u>(8,390,329)</u>
Surplus on revaluation of fixed assets as at 30 September		265,234,261	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		734,154	2,936,615
		<u>(24,576,877)</u>	<u>(25,311,031)</u>
		<u>240,657,384</u>	<u>242,020,812</u>
5. LONG TERM FINANCING - secured			
Opening balance		99,312,500	156,062,500
Less: Repayments during the period		(14,187,500)	(56,750,000)
		<u>85,125,000</u>	<u>99,312,500</u>
Less: Current portion shown under current liabilities		(56,750,000)	(56,750,000)
		<u>28,375,000</u>	<u>42,562,500</u>
<p>The Company has entered into a pay fix, receive variable interest rate swap agreement with a bank to hedge the interest rate exposure on the above mentioned long term financing 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".</p>			
6. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		742,280,446	735,614,952
Add: Additions during the period	6.1	8,517,125	82,988,607
Less: Written down value of disposals		(1,018,600)	(3,223,455)
Transferred to B.F Biosciences Limited		-	(23,401,241)
Depreciation		(13,703,745)	(49,698,417)
		<u>(14,722,345)</u>	<u>(76,323,113)</u>
		<u>736,075,226</u>	<u>742,280,446</u>

	Note	September 30, 2010 (Rupees)	June 30, 2010 (Rupees)
6.1 Additions during the period represents:			
Freehold land		-	2,000,000
Building on freehold land		405,643	620,954
Plant and machinery		-	9,730,260
Office equipments		78,882	2,772,121
Furniture and fixtures		27,100	63,440
Computers		659,932	1,558,757
Vehicles-owned		880,600	20,160,432
Capital work in progress		6,464,968	46,082,643
		<u>8,517,125</u>	<u>82,988,607</u>
7. LONG TERM INVESTMENTS			
Investment in Farmacia -			
98% owned subsidiary partnership firm	7.1	72,568,990	70,780,791
Investment in BF Biosciences Limited -			
80% owned subsidiary	7.2	151,999,960	151,999,960
Available for sale-unquoted shares		33,085	33,085
		<u>224,602,035</u>	<u>222,813,836</u>
7.1 Investment in Farmacia			
Opening balance		70,780,791	62,773,144
Share in profit for the period/year		1,788,198	8,007,647
		<u>72,568,990</u>	<u>70,780,791</u>
<p>This represent company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail shop. Share of profit for the year not withdrawn is treated as reinvestment in capital account of partnership.</p>			
7.2 Investment in BF Biosciences Limited			
<p>This represents investment made in 15,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited.</p>			
<p>BF Biosciences Limited was set up for establishing a Biotech Production Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% of equity of the subsidiary and the remaining 20% is held by Laboratories Bagó S.A., Argentina.</p>			
8. TRADE DEBTS - CONSIDERED GOOD			
<p>This includes Rs.22,756,801 as receivables from the subsidiary company, BF Biosciences Limited.</p>			
9. OTHER RECEIVABLES			
<p>This includes Rs.453,937 as receivables from the subsidiary BF Biosciences Limited on account of expenses incurred on behalf of subsidiaries.</p>			
10. OTHER FINANCIAL ASSETS			
Investment at fair value through profit or loss			
- listed securities	10.1	9,126,215	9,714,907
		<u>9,126,215</u>	<u>9,714,907</u>

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

Number of shares		Name of Companies	September 30, 2010 (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	968,750	1,154,000	997,250
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,473,442	1,277,191	1,643,215	1,473,442
415,000	415,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	3,842,900	3,440,350	4,069,526	3,842,900
7,000	7,000	Pakistan Oilfields Ltd. Ordinary shares of Rs. 10 each	1,511,300	1,659,910	1,658,604	1,511,300
500,004	500,004	PICIC-IF Ordinary Shares of Rs.10 each	1,890,015	1,780,014	2,817,622	1,890,015
			9,714,907	9,126,215	11,342,967	9,714,907
Unrealised loss on account of remeasurement to fair value			(588,692)		(1,628,060)	
			<u>9,126,215</u>	<u>9,126,215</u>	<u>9,714,907</u>	<u>9,714,907</u>

11. COST OF SALES

	NOTE	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
Material consumed	11.1	100,379,440	118,538,575
Manufacturing expenses		28,209,165	25,313,065
Opening work in process		9,069,289	7,791,792
		<u>137,657,894</u>	<u>151,643,432</u>
Less: closing work in process		(9,732,870)	(11,955,640)
Cost of goods manufactured		127,925,024	139,687,792
Add: opening finished goods		138,056,563	123,514,890
		<u>265,981,587</u>	<u>263,202,682</u>
Less: closing finished goods		(149,853,801)	(107,853,600)
Cost of sales		<u>116,127,786</u>	<u>155,349,082</u>
11.1			
Material consumed		138,107,999	134,222,613
Opening stock		103,387,136	111,930,294
Add: purchases during the period		241,495,135	246,152,907
		<u>482,990,270</u>	<u>492,305,814</u>
Less: closing stock		(141,115,695)	(127,614,332)
		<u>100,379,440</u>	<u>118,538,575</u>

12. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, contributory provident fund, major shareholders, directors and key management personnel. Balances with the related parties are shown else where in the accounts. Transactions with related parties during the period are as follows:

	Quarter ended September 30, 2010 (Rupees)	Quarter ended September 30, 2009 (Rupees)
Farmacia-98% owned subsidiary firm		
Sale of medicines	11,447,451	7,650,715
Share of profit	1,788,198	2,741,320
BF Biosciences Limited-80% owned subsidiary		
Financial charges on long term loan	14,858,000	5,457,526
Amount of capital work in progress transferred by the Company	-	23,401,241
Stock of Biotech product sold to the subsidiary company	19,383,164	54,411,359
Other expenses directly paid by the Company	-	8,960,898
Other related parties		
Contribution to employee provident fund	2,001,794	1,702,225
	September 30, 2010 (Rupees)	June 30, 2010 (Rupees)

13. CONTINGENCIES AND COMMITMENTS
Contingencies:

i Guarantees issued by banks on behalf of the Company	455,640	455,640
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Commitments:

ii Capital Expenditure	13,989,329	13,989,329
iii Letter of credits other than for capital expenditure	28,073,300	28,073,300

14. GENERAL

The figures have been rounded off to the nearest rupee.

15. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors or the Company on **October 21, 2010**.



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
September 30, 2010***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		September 30, 2010 Un-Audited (Rupees)	June 30, 2010 Audited (Rupees)
	Note		
SHARE CAPITAL AND RESERVES			
Share capital	3	249,994,543	208,328,786
Reserves			
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		<u>1,059,359,464</u>	<u>1,007,224,346</u>
		1,309,675,850	1,215,874,975
MINORITY INTEREST		<u>26,945,059</u>	<u>24,472,022</u>
TOTAL EQUITY		1,336,620,909	1,240,346,997
SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax			
	4	240,657,384	242,020,812
NON CURRENT LIABILITIES			
Long term financing - secured	5	56,406,250	79,937,500
Deferred liability for taxation		57,109,780	58,329,177
		113,516,030	138,266,677
Derivative liability - interest rate swap		140,174	140,174
CURRENT LIABILITIES			
Trade and other payables		199,037,960	226,805,532
Short term borrowings - secured		50,982,831	36,528,049
Accrued markup of long term financing		3,277,766	3,306,950
Current portion of long term financing	5	94,125,000	94,125,000
Current maturity of liabilities against assets subject to finance lease		296,580	475,003
		347,720,137	361,240,534
		2,038,654,634	1,982,015,194
CONTINGENCIES AND COMMITMENTS	10	-	-

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

SHEET AS AT SEPTEMBER 30, 2010

	September 30, 2010 Un-Audited (Rupees)	June 30, 2010 Audited (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	6 1,285,283,148	1,294,926,904
Long term investment	33,085	33,085
Long term deposits	5,444,100	5,444,100
CURRENT ASSETS		
Stores, spares and loose tools	6,738,853	4,640,630
Stock in trade	447,995,894	389,994,805
Trade debts-considered good	80,131,926	74,110,069
Loans and advances-considered good	29,219,991	27,822,383
Deposits and prepayments	16,000,572	11,612,557
Advance income tax - net	108,680,251	97,011,481
Other receivables	164,443	211,716
Other financial assets	7 19,126,215	19,714,907
Cash and bank balances	39,836,155	56,492,557
	747,894,301	681,611,105
	<u>2,038,654,634</u>	<u>1,982,015,194</u>

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	NOTE	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
Net sales		398,775,812	345,752,895
Cost of sales	8	(190,232,139)	(182,244,401)
Gross profit		208,543,673	163,508,494
Other income		3,574,431	18,517,263
Administrative expenses		(24,225,786)	(26,436,761)
Selling and distribution cost		(78,442,099)	(65,877,599)
Finance cost		(5,818,605)	(10,160,936)
Other expenses		(7,780,504)	(5,962,489)
Profit before taxation		95,851,110	73,587,972
Provision for taxation		(940,626)	(25,109,337)
Profit after taxation		94,910,484	48,478,635
Attributable to:			
Shareholders of the parent company		92,437,446	51,481,333
Minority interest		2,473,037	(3,002,698)
		94,910,484	48,478,635

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

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Quarter Ended September 30, 2010 Rupees	Quarter Ended September 30, 2009 Rupees
Profit after tax	94,910,484	48,478,635
Other comprehensive income		
Transfer from surplus on revaluation of fixed assets recognized directly in equity	2,097,582	1,592,860
Income tax on other comprehensive income	(734,154)	(557,501)
Other comprehensive income for the period net of tax	1,363,428	1,035,359
Total comprehensive income	96,273,912	49,513,994

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

**CONDENSED INTERIM CONSOLIDATED
 CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
Cash flow from operating activities		
Profit before taxation	95,851,110	73,587,972
Adjustments for:		
Depreciation	29,078,173	26,983,471
Gain on disposal of property, plant and equipment	(308,400)	(1,381,108)
Finance cost	5,818,605	10,160,936
Dividends, capital gains and income from investments and deposits	(3,266,031)	(14,150,551)
Gain on remeasurement of short term investments	-	(2,985,604)
Loss on fair value adjustment of interest rate swap	588,692	-
	31,911,038	18,627,144
	127,762,148	92,215,116
Working capital changes:		
Increase in stocks and stores	(60,099,312)	(29,853,933)
Increase in trade debtors	(6,021,857)	(28,184,783)
(Increase)/ Decrease in loans, advances, deposits, prepayments and other receivables	(5,738,349)	13,458,852
(Increase)/ Decrease in trade and other payables	(27,906,391)	23,531,795
	(99,765,909)	(21,048,069)
Cash generated from operations	27,996,239	71,167,047
Finance cost paid	(5,647,789)	(10,424,251)
Taxes paid	(13,828,793)	(11,901,110)
	(19,476,582)	(22,325,361)
Net cash from operating activities	8,519,657	48,841,686
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,453,017)	(48,144,632)
Purchase of short term investments	-	(2,290,971)
Sale proceeds from short term investments	-	35,384,336
Dividends, capital gains and income from investments and deposits	3,266,031	9,598,797
Sale proceeds of property, plant and equipment	1,327,000	2,074,465
Net cash used in investing activities	(15,859,986)	(3,378,005)
Cash flows from financing activities		
Payment of finance lease liabilities	(178,423)	(232,563)
Proceeds from short term financing	14,454,782	(548,554)
Repayment of long term financing	(23,531,250)	(23,531,250)
Dividend paid	(61,183)	(49,601)
Net cash used in financing activities	(9,316,074)	(24,361,968)
Net (Increase)/ Decrease in cash and cash equivalents during the period	(16,656,403)	21,101,713
Cash and cash equivalents at beginning of the period	56,492,557	45,743,760
Cash and cash equivalents at end of the period	39,836,155	66,845,473

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

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Share capital	Capital reserve	Revenue reserve Unappropriated profit	Total	Minority Interest	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(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 after taxation	-	-	51,481,333	51,481,333	(3,002,698)	48,478,635
Other Comprehensive income						
Transfer from surplus on revaluation of fixed assets						
Net income recognized directly in equity	-	-	1,035,359	1,035,359	-	1,035,359
Total other comprehensive income for the period			1,035,359	1,035,359	-	1,035,359
Total comprehensive income for the period			52,516,692	52,516,692	(3,002,698)	49,513,994
Distribution to owners						
Final dividend for the year ended June 30, 2009 Re. 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 September 30, 2009	<u>208,328,786</u>	<u>321,843</u>	<u>795,471,426</u>	<u>1,004,122,055</u>	<u>35,987,598</u>	<u>1,040,109,653</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	-	-	92,437,446	92,437,446	2,473,037	94,910,484
Other Comprehensive income						
Transfer from surplus on revaluation of fixed assets						
Net income recognized directly in equity	-	-	1,363,428	1,363,428	-	1,363,428
Total other comprehensive income for the period			1,363,428	1,363,428	-	1,363,428
Total comprehensive income for the period	-	-	93,800,875	93,800,875	2,473,037	96,273,912
Distribution to owners						
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	-	(41,665,757)	-	-	-
Balance as at September 30, 2010	<u>249,994,543</u>	<u>321,843</u>	<u>1,059,359,464</u>	<u>1,309,675,850</u>	<u>26,945,059</u>	<u>1,336,620,909</u>

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

1. STATUS AND OPERATIONS

Ferozsons Laboratories Limited ("the Parent 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 Parent Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The Parent Company is primarily engaged in the manufacture and sale of pharmaceuticals products. The registered office of the Parent Company is situated at 197-A, The Mall, Rawalpindi and the Factory is Located at Amangarh, Nowshera - Khyberpakhtoonkhwa.

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 three months period ended September 30, 2009.

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 three months period ended on September 30, 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.

	September 30, 2010 (Rupees)	June 30, 2010 (Rupees)
3. SHARE CAPITAL		
Authorized share capital	250,000,000	250,000,000
Issued, subscribed and paid up capital	249,994,543	208,328,786
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 unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	(1,363,428)	(5,453,714)
- Related deferred tax liability	(734,154)	(2,936,615)
	(2,097,582)	(8,390,329)
Surplus on revaluation of fixed assets as at 30 September	265,234,261	267,331,843
Related deferred tax liability:		
- On Revaluation as at 01 July	(25,311,031)	(28,247,646)
- Transferred to profit and loss account Incremental depreciation charged during the year	734,154	2,936,615
	(24,576,877)	(25,311,031)
	240,657,384	242,020,812
5. LONG TERM FINANCING - secured		
Opening balance	174,062,500	268,187,500
Less: Repayments during the period/year	(23,531,250)	(94,125,000)
	150,531,250	174,062,500
Less: Current portion shown under current liabilities	(94,125,000)	(94,125,000)
	56,406,250	79,937,500
<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	1,294,926,904	1,273,098,467
Add: Additions during the period/year	20,453,017	158,898,206
Less: Written down value of disposals	(1,018,600)	(28,406,268)
Depreciation	(29,078,173)	(108,663,501)
	(30,096,773)	(137,069,769)
	1,285,283,148	1,294,926,904

	Note	September 30, 2010 (Rupees)	June 30, 2010 (Rupees)
6.1 Additions during the period/year represents:			
Freehold land		-	2,000,000
Building on freehold land		405,643	47,034,286
Plant and machinery		8,697,600	32,916,366
Office equipments		1,229,776	4,857,513
Furniture and fixtures		27,100	722,218
Computers		819,330	1,757,248
Vehicles-owned		2,808,600	23,527,932
Capital work in progress		6,464,968	46,082,643
		<u>20,453,017</u>	<u>158,898,206</u>

7. SHORT TERM INVESTMENTS

Held to maturity investments - local currency		10,000,000	10,000,000
Investments at fair value through profit and loss - listed securities	7.1	9,126,215	9,714,907
		<u>19,126,215</u>	<u>19,714,907</u>

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

Number of shares		Name of Companies	September 30, 2010 (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	968,750	1,154,000	997,250
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,473,442	1,277,191	1,643,215	1,473,442
415,000	415,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	3,842,900	3,440,350	4,069,526	3,842,900
7,000	7,000	Pakistan Oilfields.Ltd. Ordinary shares of Rs. 10 each	1,511,300	1,659,910	1,658,604	1,511,300
500,004	500,004	PICIC-IF Ordinary Shares of Rs.10 each	1,890,015	1,780,014	2,817,622	1,890,015
			<u>9,714,907</u>	<u>9,126,215</u>	<u>11,342,967</u>	<u>9,714,907</u>
		Unrealised loss on account of remeasurement to fair value	(588,692)	-	(1,628,060)	-
			<u>9,126,215</u>	<u>9,126,215</u>	<u>9,714,907</u>	<u>9,714,907</u>

7.2 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.

	NOTE	Quarter Ended September 30, 2010 (Rupees)	Quarter Ended September 30, 2009 (Rupees)
8. COST OF SALES			
Material consumed	8.1	175,764,257	144,271,817
Manufacturing expenses		58,531,319	47,330,126
Opening work in process		9,069,289	7,791,792
		<u>243,364,865</u>	<u>199,393,735</u>
Less: closing work in process		(40,146,773)	(11,955,640)
Cost of goods manufactured		<u>203,218,092</u>	<u>187,438,095</u>
Add: opening finished goods		202,738,436	131,451,425
		<u>405,956,528</u>	<u>318,889,520</u>
Less: closing finished goods		(215,724,389)	(136,645,119)
Cost of sales		<u>190,232,139</u>	<u>182,244,401</u>
8.1 Material consumed			
Opening stock		164,529,561	134,222,613
Add: purchases during the period		188,383,113	137,663,536
		<u>352,912,674</u>	<u>271,886,149</u>
Less: closing stock		(177,148,417)	(127,614,332)
		<u>175,764,257</u>	<u>144,271,817</u>
9. OTHER RELATED PARTIES			
Contribution to employee provident fund		2,001,794	4,741,753
		September 30, 2010 (Rupees)	June 30, 2010 (Rupees)
10. CONTINGENCIES AND COMMITMENTS			
Contingencies:			
i Guarantees issued by banks on behalf of the company		8,755,640	8,755,640
Commitments:			
ii Capital Expenditure		29,277,640	29,277,640
iii Letter of credits other than for capital expenditure		28,073,300	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 or the company on October 21, 2010 .			