



***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		<u>1,224,708,040</u>	<u>1,067,114,429</u>
		1,475,024,426	1,275,765,058
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		<u>68,641,337</u>	<u>58,329,176</u>
		68,641,337	100,891,676
DERIVATIVE LIABILITY - INTEREST RATE SWAP		45,981	140,174
CURRENT LIABILITIES			
Trade and other payables	6	<u>188,046,668</u>	<u>154,732,360</u>
Accrued markup of long term financing		<u>2,719,246</u>	<u>1,634,970</u>
Current portion of long term financing	5	<u>56,750,000</u>	<u>56,750,000</u>
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>2,029,158,183</u>	<u>1,868,938,102</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**

	Note	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)
	<u>9,997,344</u>	<u>7,726,912</u>
	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
	<u>(121,453,643)</u>	<u>(194,558,116)</u>
	135,251,687	66,615,561
Cash generated from operations		
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)	-
	<u>(42,485,444)</u>	<u>(71,184,202)</u>
	92,766,243	(4,568,641)
Net cash from operations		
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
	<u>13,346,492</u>	<u>(4,025,369)</u>
Net cash generated/(used in) from investing activities		
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)
	<u>(80,016,109)</u>	<u>(4,677,524)</u>
Net cash used in financing activities		
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	<u>41,363,708</u>	<u>9,011,473</u>

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	4,166,757	—	(4,166,757)	—
Interim dividend for the year ending June 30, 2011 Rs. 1.25 per share	4,166,757	—	(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			9 Months March 31, 2011 (Un-Audited) (Rupees)	9 Months March 31, 2010 (Un-Audited) (Rupees)
		Note		
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	-
	122,843,428	84,400,994
	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
	(223,282,198)	(122,342,071)
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)	-
	(64,367,424)	(96,924,575)
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	73,369,157	133,267,774

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
		<u>368,221,667</u>	<u>237,898,082</u>	<u>792,941,859</u>	<u>698,808,921</u>
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
		<u>571,736,027</u>	<u>418,578,060</u>	<u>946,054,790</u>	<u>821,279,886</u>
Less: closing finished goods		(218,065,252)	(213,139,000)	(218,065,252)	(213,139,000)
Cost of sales		<u>353,670,774</u>	<u>205,439,060</u>	<u>727,989,538</u>	<u>608,140,886</u>

8.1 Material consumed

Opening stock	182,306,076	116,564,923	164,529,561	134,222,613
Add: purchases during the period	<u>264,100,784</u>	<u>180,277,503</u>	<u>621,296,289</u>	<u>528,020,484</u>
	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)
	<u>241,378,337</u>	<u>168,261,198</u>	<u>580,797,328</u>	<u>533,661,869</u>

9. TRANSACTIONS WITH RELATED PARTIES

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

	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
TRUST
US

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



FEROZSONS
LABORATORIES LIMITED

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