



***Condensed Interim
Financial Information
for the Quarter/Nine Months
Ended March 31, 2010***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE FINANCIAL INFORMATION FOR THE QUARTER & NINE MONTHS ENDED MARCH 31, 2010

We are pleased to present your Company's individual and consolidated financial information for the quarter & nine months ended March 31, 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.

	Individual				Consolidated			
	3 Months	3 Months	9 Months	9 Months	3 Months	3 Months	9 Months	9 Months
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	(Rupees in thousands)							
Sales (net)	323,210	288,836	948,874	790,054	396,252	312,214	1,134,851	869,858
Gross Profit	169,484	157,339	468,104	426,258	190,813	161,111	526,710	442,870
Profit before tax	91,086	74,347	253,447	188,969	82,097	74,403	206,682	191,980
Taxation	(28,096)	(18,162)	(73,184)	(47,618)	(28,693)	(18,420)	(75,188)	(50,535)
Profit after tax	62,990	56,186	180,262	141,351	53,404	55,983	131,495	141,445

Net Sales of your Company's operations witnessed an increase of 11.90% for the 3rd Quarter under review, and 20.10% for the 9 months when compared to the corresponding quarter and the nine months last year. It is important to point out that this growth is a diluted figure, because last year's sales included the biotech product range, which have since become part of its subsidiary, BF Biosciences Limited as of July 1, 2009. In an apple-to-apple comparison, the Company's pure Pharma range grew by 26% during the quarter, and 24% during the 9 months under review, against an industry growth of 13%.

Similarly, the consolidated net sales including the sales of BF Biosciences Limited and Farmacia showed an increase of 26.92% for the 3rd quarter. Consolidated Net Sales also showed an increase of 30.46% for the nine months ending March 31, 2010 in comparison with the Sales for the same period of last year.

The cost of sales of your Company increased by 16.90% during the 3rd quarter and by 32.15% overall during the nine months ended March 31, 2010. On one hand, this increase reflects the continuous depreciation of the Rupee value and increased raw material prices, and on the other hand it was affected by the transfer of Biotech division sales to BF Biosciences, and the addition of the Boston Scientific division, which operates at a lower GP margin. This has resulted in a nominal growth in the Gross Profit of your Company, which is 7.72% for the 3rd Quarter and 9.82% for nine months respectively in comparison to the same quarter and nine months of last year. The GP margins of the consolidated results also show a similar trend.

Your Company's Net Profit before Tax increased by 22.51% in 3rd Quarter and by 34.12% as a whole respectively, whereas Net Profit After Tax (NPAT) increased by 12.11% in 3rd Quarter and by 27.53% as a whole during the nine month ended March 31, 2010 in comparison with the same period last year.

Based on the net profit for the nine months ended March 31, 2010, the Earnings per Share (EPS), both basic and diluted, stand at 8.65 compared to EPS of Rs. 6.78 of same respective period of last year, on the enhanced capital of Rs. 208.329 Million after the issuance of bonus share during the nine months.

BF Biosciences Limited Operational Status

Alhamdulillah, your company's subsidiary has become fully operational and has produced commercial batches of its prime products in hepatology and oncology - that were previously being imported. We plan to clear our imported inventory of these products during the final quarter, and expect that the coming year's financial statements will reflect the benefits of local production through an improved profitability and increase in market share of these products.

At the same time, we have embarked on an aggressive product development plan for BF Biosciences, with new products to be launched in the field of hepatology, oncology, neurology and diabetes management in the coming year. We have also started developing export markets for these products, which will Inshallah not only add significantly to the Company's growth and profitability, but also put Pakistan on the map in the growing global market for biotech pharmaceuticals.

Future Outlook

As a consequence of an energy crisis of unprecedented proportions, your Company faces dramatically higher costs of energy. We sincerely hope that as announced by the Federal Minister for Water & Power, the Pharma Industry is genuinely exempted from load-shedding and is provided uninterrupted power so that life-saving drugs can be provided at a reasonable cost and shortages do not occur.

Despite a faltering economy and higher costs of production, your Company successfully introduced new products in the field of gastroenterology, cardiology, antibiotics and urology, which helped preserve its top line growth. Without a justified increase in prices that have been frozen for nearly a decade, however, it is feared that growth and investment may not remain sustainable in the long run without a serious redress by the Government on the issue of pharmaceutical pricing.

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 also remain thankful to our distributors, suppliers and business partners for their continued cooperation. Their support has gone a long way in making these results possible in extremely trying circumstances.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & CEO

CONDENSED INTERIM BALANCE SHEET

		March 31, 2010 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	208,328,786	173,607,322
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		<u>927,486,553</u>	<u>796,200,236</u>
		1,136,137,182	970,129,401
Surplus on revaluation of fixed assets - net of tax	4	244,368,449	247,474,526
NON CURRENT LIABILITIES			
Long term financing - secured	5	56,750,000	99,312,500
Liabilities against assets subject to finance lease		-	475,003
Deferred liability for taxation		<u>50,250,007</u>	<u>53,960,117</u>
		107,000,007	153,747,620
Derivative liability - interest rate swap		327,849	-
CURRENT LIABILITIES			
Trade and other payables		148,276,925	146,275,665
Accrued markup on long term financing		3,366,681	4,187,777
Current portion of long term financing	5	56,750,000	56,750,000
Current maturity of liabilities against assets subject to finance lease		734,596	983,653
Short term borrowing		55,418,393	-
Provision for taxation - net		<u>23,151,063</u>	<u>361,151</u>
		287,697,658	208,558,246
		<u>1,775,531,145</u>	<u>1,579,909,793</u>
CONTINGENCIES AND COMMITMENTS	13	-	-

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

AS AT MARCH 31, 2010

	Note	March 31, 2010 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	720,891,666	735,614,952
Long term investments	7	220,897,003	214,806,189
Long term loan		56,750,000	99,312,500
Long term deposits		950,400	969,370
Derivative asset - interest rate swap		-	31,143
CURRENT ASSETS			
Stores, spares and loose tools		5,216,074	3,628,845
Stock in trade		319,749,950	272,988,349
Trade debts - considered good	8	218,783,256	49,545,707
Current portion of long term loan		141,875,000	99,312,500
Loans and advances - considered good		9,015,158	7,367,988
Deposits and prepayments		11,433,985	7,293,812
Interest accrued		47,749,388	29,804,338
Other receivables	9	331,221	1,881,726
Other financial assets	10	12,876,571	35,069,367
Cash and bank balances		9,011,473	22,283,007
		776,042,076	529,175,639
		<u>1,775,531,145</u>	<u>1,579,909,793</u>

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2010

	3 Months Ended March 31, 2010 (Rupees)	3 Months Ended March 31, 2009 (Rupees)	9 Months Ended March 31, 2010 (Rupees)	9 Months Ended March 31, 2009 (Rupees)
Net sales	323,209,649	288,836,190	948,873,768	790,053,941
Cost of sales	11 (153,725,733)	(131,497,350)	(480,769,307)	(363,795,952)
Gross profit	169,483,916	157,338,840	468,104,461	426,257,989
Other income	11,575,014	4,045,712	30,578,911	13,934,953
Administrative expenses	(19,456,555)	(23,070,503)	(60,142,989)	(57,716,343)
Selling and distribution cost	(63,576,007)	(75,085,892)	(169,983,232)	(178,488,060)
Finance cost	(2,062,551)	(512,926)	(3,312,027)	(3,228,267)
Other expenses	(6,818,055)	(3,552,801)	(20,456,820)	(16,109,996)
(Loss)/gain on remeasurement of short term investments to fair value	(58,665)	12,414,638	2,567,647	(4,646,012)
Share in profit of Farmacia - 98% owned partnership firm	1,998,808	2,770,032	6,090,814	8,964,554
Profit before taxation	91,085,905	74,347,100	253,446,765	188,968,818
Provision for taxation	(28,096,282)	(18,161,544)	(73,184,329)	(47,618,264)
Profit after taxation	62,989,623	56,185,556	180,262,436	141,350,554
Earnings per share - basic and diluted	3.02	2.70	8.65	6.78

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 / NINE MONTHS ENDED MARCH 31, 2010

	3 Months Ended March 31, 2010 (Rupees)	3 Months Ended March 31, 2009 (Rupees)	9 Months Ended March 31, 2010 (Rupees)	9 Months Ended March 31, 2009 (Rupees)
Profit after tax	62,989,623	56,185,556	180,262,436	141,350,554
Other comprehensive income				
Transfer from surplus on revaluation of fixed assets recognized directly in equity	1,592,859	1,744,956	4,778,579	5,234,869
Income tax on other comprehensive income	(557,501)	(610,734)	(1,672,503)	(1,832,204)
Other comprehensive income for the period net of tax	1,035,358	1,134,222	3,106,076	3,402,665
Total comprehensive income	64,024,981	57,319,778	183,368,512	144,753,219

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2010**

	9 Months Ended March 31, 2010 (Rupees)	9 Months Ended March 31, 2009 (Rupees)
Cash flow from operating activities		
Profit before taxation	253,446,765	188,968,818
Adjustment for:		
Depreciation	37,111,289	32,702,473
Gain on disposal of property, plant and equipment	(2,567,647)	(2,109,203)
Finance cost	3,245,406	2,040,627
Dividends, capital gains and income from investments and deposits	(23,185,145)	(11,825,750)
(Gain)/loss on remeasurement of short term investments to fair value	(852,798)	4,686,745
Loss on fair value adjustment of interest rate swap	66,621	1,187,639
Share in profit of Farmacia-98% owned subsidiary firm	(6,900,814)	(8,964,554)
	<u>7,726,912</u>	<u>17,717,977</u>
	261,173,677	206,686,795
Working capital changes		
Increase in stocks and stores	(48,348,830)	(105,691,230)
Increase in trade debtors	(169,237,549)	(39,331,020)
Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	20,102,103	(44,841,306)
Increase in trade and other payables	2,926,160	89,229,258
	<u>(194,558,116)</u>	<u>(100,634,298)</u>
Cash generated from operations	66,615,561	106,052,497
Finance cost paid	(17,079,675)	(22,710,737)
Taxes paid	(54,104,527)	(55,904,685)
	<u>(71,184,202)</u>	<u>(78,615,422)</u>
Net cash (used in) / from operating activities	(4,568,641)	27,437,075
Cash flow from investing activities		
Long term loan recovered	-	42,562,500
Purchase of property, plant and equipment	(48,130,210)	(137,877,165)
Purchase of short term investments	(6,790,558)	(11,776,389)
Sale proceeds from short term investments	30,763,168	168,290,908
Dividends, capital gains and income from investments and deposits	16,177,826	15,223,685
Sale proceeds of property, plant and equipment	3,954,405	4,738,168
Net cash (used in) / from investing activities	(4,025,369)	81,161,707
Cash flow from financing activities		
Payment of finance lease liabilities	(724,060)	(2,049,546)
Short term borrowing	55,418,393	-
Repayment of long term financing	(42,562,500)	(42,562,500)
Dividend paid	(16,809,357)	(41,800,948)
Net cash used in financing activities	(4,677,524)	(86,412,994)
Net (decrease) / increase in cash and cash equivalents during the period	<u>(13,271,534)</u>	<u>22,185,788</u>
Cash and cash equivalents at the beginning of the period	<u>22,283,007</u>	<u>35,807,461</u>
Cash and cash equivalents at the end of the period	<u>9,011,473</u>	<u>57,993,249</u>

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

Rawalpindi
April 27, 2010

Director

Chairperson & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2010

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve Unappropriated profit (Rupees)	Total (Rupees)
Balance as at July 01, 2008	144,672,768	321,843	681,242,280	826,236,891
Total Comprehensive income for the period				
Profit for the period after taxation	-	-	141,350,554	141,350,554
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	3,402,665	3,402,665
Total other comprehensive income for the period	-	-	3,402,665	3,402,665
Total comprehensive income for the period	-	-	144,753,219	144,753,219
Distribution to owners				
Final dividend for the year ended June 30, 2008 Rs. 3.00 per share	-	-	(43,401,830)	(43,401,830)
Bonus shares issued at 20% for the year ended June 30, 2008	28,934,554	-	(28,934,554)	-
Total Transactions with owners	28,934,554	-	(72,336,384)	(43,401,830)
Balance as at March 31, 2009	<u>173,607,322</u>	<u>321,843</u>	<u>753,659,115</u>	<u>927,588,280</u>
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	-	-	180,262,436	180,262,436
Other Comprehensive income				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	3,106,077	3,106,077
Total other comprehensive income for the period	-	-	3,106,077	3,106,077
Total comprehensive income for the period	-	-	183,368,513	183,368,513
Distribution to owners				
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 Transactions with 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>927,486,553</u>	<u>1,136,137,182</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 / NINE MONTHS ENDED MARCH 31, 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 pharmaceutical 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, 2009. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2009 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 on March 31, 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, 2009.

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, 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.

	March 31, 2010	June 30, 2009
	(Rupees)	(Rupees)
3. SHARE CAPITAL		
Authorized share capital		
25,000,000 (June 30, 2009: 25,000,000)		
ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital		
1,441,952 (June 30, 2009: 1,441,952) ordinary		
shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (June 30, 2009: 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
19,271,327 (June 30, 2009: 15,799,180)		
ordinary shares of Rs. 10 each issued		
as fully paid bonus shares	192,713,266	157,991,802
	<u>208,328,786</u>	<u>173,607,322</u>

	March 31, 2010 Note (Rupees)	June 30, 2009 (Rupees)
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July	275,722,172	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period/year:		
- Net of deferred tax	(3,106,077)	(4,536,887)
- Related deferred tax liability	(1,672,503)	(2,442,939)
	(4,778,580)	(6,979,826)
Surplus on revaluation of fixed assets as at 31 March	270,943,592	275,722,172
Related deferred tax liability:		
- On Revaluation as at 01 July	(28,247,646)	(30,690,585)
- Transferred to profit and loss account		
Incremental depreciation charged during the period/year	1,672,503	2,442,939
	(26,575,143)	(28,247,646)
	<u>244,368,449</u>	<u>247,474,526</u>
5. LONG TERM FINANCING - secured		
Opening balance	156,062,500	212,812,500
Less: Repayments during the period/year	(42,562,500)	(56,750,000)
	113,500,000	156,062,500
Less: Current portion shown under current liabilities	(56,750,000)	(56,750,000)
	<u>56,750,000</u>	<u>99,312,500</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	735,614,952	610,987,413
Add:		
Additions during the period/year	6.1 48,130,210	173,828,447
Less:		
Written down value of disposals	(2,340,966)	(4,176,415)
Transferred to B.F Biosciences Limited	(23,401,241)	-
Depreciation	(37,111,289)	(45,024,493)
	(62,853,496)	(49,200,908)
	<u>720,891,666</u>	<u>735,614,952</u>

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
6.1 Additions during the period/year represents:		
Freehold land	1,500,000	2,000,000
Building on freehold land	2,865,581	9,165,940
Plant and machinery	525,425	6,389,289
Office equipments	1,972,027	15,895,309
Furniture and fixtures	30,640	171,398
Computers	1,075,239	2,672,225
Vehicles-owned	12,058,132	44,283,400
Capital work in progress	28,103,166	93,250,886
	<u>48,130,210</u>	<u>173,828,447</u>
 7. LONG TERM INVESTMENTS		
Investment in Farmacia - 98% owned subsidiary partnership firm	7.1 68,863,958	62,773,144
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>220,897,003</u>	<u>214,806,189</u>
 7.1 Investment in Farmacia		
Opening balance	62,773,144	51,392,911
Share in profit for the period/year	6,090,814	11,380,233
	<u>68,863,958</u>	<u>62,773,144</u>

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.

7.2 Investment in BF Biosciences Limited

This represents investment made in 15,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited.

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.

8. TRADE DEBTS - CONSIDERED GOOD

This includes Rs.140,465,399 as receivables from the subsidiary company, BF Biosciences Limited. Effective July 01, 2009 Biotech products were transferred to the subsidiary company as per the Joint Venture Agreement between Ferozsons Laboratories Limited and Laboratories Bagó S.A., Argentina.

9. OTHER RECEIVABLES

This includes Rs.220,840 as receivables from the subsidiary company, BF Biosciences Limited on account of expenses incurred by the parent company on behalf of the subsidiary.

10. OTHER FINANCIAL ASSETS
Note
**March 31,
2010
(Rupees)**
**June 30,
2009
(Rupees)**

 Investment at fair value through profit or loss
- listed securities

10.1
12,876,571
35,069,367
12,876,571
35,069,367
10.1 Investments at fair value through profit or loss - listed securities

Number of shares		Name of Companies	March 31, 2010 (Rupees)		June 30, 2009 (Rupees)	
March, 2010	June 2009		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	1,175,000	1,249,750	1,788,750	1,154,000
-	118,800	Pakistan Petroleum Ltd Ordinary shares of Rs. 10 each	-	-	26,566,920	22,517,352
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	2,144,746	1,932,920	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each	-	-	727,943	862,000
415,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	4,135,400	5,312,000	2,852,317	2,436,000
7,000	20,000	Pakistan Oilfields Ltd. Ordinary shares of Rs. 10 each	1,658,604	1,636,880	3,235,471	2,918,000
-	45,000	Oil & Gas Development Company Ltd. Ordinary Shares of Rs.10 each	-	-	3,505,442	3,538,800
500,004	-	PICIC-IF Ordinary Shares of Rs.10 each	2,910,023	2,745,021	-	-
			12,023,773	12,876,571	40,320,712	35,069,367
Unrealised gain/(loss) on account of remeasurement to fair value			852,798	-	(5,251,345)	-
			12,876,571	12,876,571	35,069,367	35,069,367

11. COST OF SALES		3 months ended	3 months ended	9 months ended	9 months ended
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Note		(Rupees)	(Rupees)	(Rupees)	(Rupees)
Material consumed	11.1	123,707,371	143,341,839	424,733,206	338,503,811
Manufacturing expenses		29,709,970	26,278,521	84,311,569	72,762,112
Opening work in process		12,829,495	11,849,920	7,791,792	5,206,081
		<u>166,246,836</u>	<u>181,470,280</u>	<u>516,836,567</u>	<u>416,472,004</u>
Less: closing work in process		(8,980,460)	(10,261,837)	(8,980,460)	(10,261,837)
Cost of goods manufactured		<u>157,266,376</u>	<u>171,208,443</u>	<u>507,856,107</u>	<u>406,210,167</u>
Add: opening finished goods		147,061,047	89,763,706	123,514,890	87,060,584
		<u>304,327,423</u>	<u>260,972,149</u>	<u>631,370,997</u>	<u>493,270,751</u>
Less: closing finished goods		(150,601,690)	(129,474,799)	(150,601,690)	(129,474,799)
Cost of sales		<u>153,725,733</u>	<u>131,497,350</u>	<u>480,769,307</u>	<u>363,795,952</u>
11.1 Material consumed					
Opening stock		116,564,923	100,493,270	134,222,613	86,298,725
Add: purchases during the period		135,723,676	163,792,903	419,091,821	373,149,420
		<u>252,288,599</u>	<u>264,286,173</u>	<u>553,314,434</u>	<u>459,448,145</u>
Less: closing stock		(128,581,228)	(120,944,334)	(128,581,228)	(120,944,334)
		<u>123,707,371</u>	<u>143,341,839</u>	<u>424,733,206</u>	<u>338,503,811</u>

12. 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	9 Months
	March 31, 2010	March 31, 2009
	(Rupees)	(Rupees)
Farmacia-98% owned subsidiary firm		
Sale of medicines	26,527,517	34,910,294
Share of profit	6,090,814	8,964,554
BF Biosciences Limited-80% owned subsidiary		
Financial charges on long term loan	17,735,508	20,403,667
Amount of capital work in progress transferred by the Company	23,401,241	-
Stock of Biotech product sold to the subsidiary company	140,465,399	-
Other related parties		
Contribution to employee provident fund	5,293,780	4,741,753
Remuneration of directors and key management personnel	35,773,204	35,611,741

13. CONTINGENCIES AND COMMITMENTS

Contingencies:

	March 31, 2010	June 30, 2009
i Guarantees issued by banks on behalf of the Company	455,640	5,455,640

Commitments:

ii Capital Expenditure	18,546,397	50,663,631
iii Letter of credits other than for capital expenditure	38,266,500	88,693,465

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 of the Company on April 27, 2010.



***Condensed Interim
Consolidated Financial
Information for the
Quarter/Nine Months
Ended March 31, 2010***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		March 31, 2010	June 30, 2009
	Note	Un-Audited (Rupees)	Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	208,328,786	173,607,322
Reserves			
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		<u>887,209,528</u>	<u>795,036,930</u>
		<u>1,095,860,157</u>	<u>968,966,095</u>
Minority interest		<u>29,336,168</u>	<u>38,990,296</u>
Total equity		<u>1,125,196,325</u>	<u>1,007,956,391</u>
Surplus on revaluation of fixed assets - net of tax	4	244,368,449	247,474,526
NON CURRENT LIABILITIES			
Long term financing - secured	5	103,468,750	174,062,500
Liabilities against assets subject to finance lease		-	475,003
Deferred liability for taxation		<u>50,250,007</u>	<u>53,960,116</u>
		<u>153,718,757</u>	<u>228,497,619</u>
Derivative liability - interest rate swap		327,849	-
CURRENT LIABILITIES			
Trade and other payables		202,649,433	166,505,160
Short term borrowings - secured		55,418,393	548,554
Accrued markup of long term financing		5,113,590	6,983,134
Current portion of long term financing	5	94,125,000	94,125,000
Current maturity of liabilities against assets subject to finance lease		734,596	983,653
Provision for taxation - net		<u>13,156,451</u>	-
		<u>371,197,463</u>	<u>269,145,501</u>
		<u>1,894,808,843</u>	<u>1,753,074,037</u>
CONTINGENCIES AND COMMITMENTS			
	10	-	-

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

SHEET AS AT MARCH 31, 2010

	Note	March 31, 2010 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,284,636,671	1,273,098,467
Long term investment		33,085	33,085
Long term deposits		5,341,100	5,061,570
Derivative asset - interest rate swap		-	31,143
CURRENT ASSETS			
Stores, spares and loose tools		5,216,074	3,628,845
Stock in trade		382,768,749	280,924,884
Trade debts-considered good		123,402,778	57,955,059
Loans and advances-considered good		16,862,212	7,964,738
Deposits and prepayments		14,603,944	7,293,812
Interest accrued		-	996,428
Other receivables		200,879	1,768,991
Advance income tax - net		-	4,598,809
Other financial assets	7	12,876,571	63,974,446
Cash and bank balances		48,866,780	45,743,760
		604,797,987	474,849,772
		1,894,808,843	1,753,074,037

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER / NINE MONTHS ENDED MARCH 31, 2010**

	3 Months Ended March 31, 2010 (Rupees)	3 Months Ended March 31, 2009 (Rupees)	9 Months Ended March 31, 2010 (Rupees)	9 Months Ended March 31, 2009 (Rupees)
Net sales	396,252,014	312,214,390	1,134,850,825	869,858,233
Cost of sales	8 <u>(205,439,060)</u>	<u>(151,103,634)</u>	<u>(608,140,886)</u>	<u>(426,987,845)</u>
Gross profit	190,812,954	161,110,756	526,709,939	442,870,388
Other income	7,900,411	5,745,875	28,766,372	17,665,611
Administrative expenses	(20,615,659)	(23,588,034)	(68,392,637)	(59,288,072)
Selling and distribution cost	(83,453,772)	(77,187,514)	(234,574,276)	(185,206,929)
Finance cost	(10,495,994)	(539,910)	(32,764,201)	(3,305,038)
Other expenses	(6,818,076)	(3,552,801)	(20,456,820)	(16,109,996)
Gain of fair value measurement of short term investment	4,767,454	12,414,638	7,393,766	(4,646,012)
Profit before taxation	82,097,318	74,403,010	206,682,143	191,979,952
Provision for taxation	(28,693,449)	(18,419,942)	(75,187,554)	(50,534,807)
Profit after taxation	53,403,869	55,983,068	131,494,589	141,445,145
Attributable to:				
Shareholders of the parent company	55,288,381	55,932,511	141,148,717	141,279,867
Minority interest	(1,884,512)	50,557	(9,654,128)	165,278
	53,403,869	55,983,068	131,494,589	141,445,145

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 / NINE MONTHS ENDED MARCH 31, 2010**

	3 Months Ended March 31, 2010 (Rupees)	3 Months Ended March 31, 2009 (Rupees)	9 Months Ended March 31, 2010 (Rupees)	9 Months Ended March 31, 2009 (Rupees)
Profit after tax	53,403,859	55,983,068	131,494,589	141,445,145
Other comprehensive income				
Transfer from surplus on revaluation of fixed assets recognized directly in equity	1,592,859	1,744,956	4,778,579	5,234,869
Income tax on other comprehensive income	(557,501)	(610,734)	(1,672,503)	(1,832,204)
Other comprehensive income for the period net of tax	1,035,358	1,134,222	3,106,076	3,402,665
Total comprehensive income	54,439,227	57,117,290	137,600,665	144,847,810

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 / NINE MONTHS ENDED MARCH 31, 2010**

	March 31, 2010 (Rupees)	March 31, 2009 (Rupees)
Cash flow from operating activities		
Profit before taxation	206,682,143	191,979,952
Adjustments for:		
Depreciation	81,255,963	32,998,596
Gain on disposal of property, plant and equipment	(2,575,223)	(2,109,203)
Finance cost	32,006,137	2,117,399
Dividends, capital gains and income from investments and deposits	(26,191,149)	(15,556,408)
(Gain)/loss on remeasurement of short term investments	(852,798)	4,686,744
Loss on fair value adjustment of interest rate swap	758,064	1,187,639
	84,400,994	23,324,767
	291,083,137	215,304,719
Working capital changes		
Increase in stocks and stores	(103,431,094)	(105,568,584)
Increase in trade debtors	(65,447,719)	(40,793,816)
Increase / (Decrease) in loans, advances, deposits, prepayments and other receivables	9,467,569	(25,031,696)
Increase in trade and other payables	37,069,173	96,613,362
	(122,342,071)	(74,780,734)
Cash generated from operations	168,741,066	140,523,985
Finance cost paid	(35,782,171)	(263,430)
Taxes paid	(61,142,404)	(61,105,372)
	(96,924,575)	(61,368,802)
Net cash from operating activities	71,816,491	79,155,183
Cash flows from investing activities		
Purchase of property, plant and equipment	(118,570,199)	(200,807,973)
Purchase of short term investments	(6,790,558)	(71,527,326)
Sale proceeds from short term investments	59,668,247	195,001,179
Dividends, capital gains and income from investments and deposits	26,260,561	15,806,070
Sale proceeds of property, plant and equipment	3,995,806	4,738,168
Net cash used in investing activities	(35,436,143)	(56,789,882)
Cash flows from financing activities		
Payment of finance lease liabilities	(724,060)	(2,049,546)
Proceeds from short term financing	54,869,839	(1,416,299)
Proceeds from long term financing	-	87,926,150
Repayment of long term financing	(70,593,750)	(70,293,750)
Proceeds from minority share capital contribution	-	10,000,000
Dividend paid	(16,809,357)	(41,800,948)
Net cash used in financing activities	(33,257,328)	(17,634,393)
Net Increase in cash and cash equivalents during the period	3,123,020	4,730,908
Cash and cash equivalents at beginning of the period	45,743,760	71,042,595
Cash and cash equivalents at end of the period	48,866,780	75,773,503

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 / NINE MONTHS ENDED MARCH 31, 2010**

	Share capital	Capital reserve	Revenue reserve Unappropriated profit	Total	Minority Interest	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2008	144,672,768	321,843	680,223,326	825,217,937	28,794,135	854,012,072
Total Comprehensive income for the period						
Profit for the period after taxation	-	-	141,279,867	141,279,867	165,278	141,445,145
Other Comprehensive income						
Transfer from surplus on revaluation of fixed assets						
Net income recognized directly in equity	-	-	3,402,665	3,402,665	-	3,402,665
Total other comprehensive income for the period			3,402,665	3,402,665	-	3,402,665
Total comprehensive income for the period			144,682,532	144,682,532	165,278	144,847,810
Distribution to owners						
Minority share capital contribution in Subsidiary Co (BF Biosciences Ltd.)	-	-	-	-	10,000,000	10,000,000
Final dividend for the year ended June 30, 2008 Rs. 3.00 per share	-	-	(43,401,830)	(43,401,830)	-	(43,401,830)
Bonus shares issued at 20% for the year ended June 30, 2008	28,934,554	-	(28,934,554)	-	-	-
Total Transactions with owners	28,934,554	-	(72,336,384)	(43,401,830)	10,000,000	(33,401,830)
Balance as at March 31, 2009	173,607,322	321,843	752,569,474	926,498,639	38,959,413	965,458,052
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	-	-	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	-	-	3,106,077	3,106,077	-	3,106,077
Total other comprehensive income for the period			3,106,077	3,106,077	-	3,106,077
Total comprehensive income for the period	-	-	144,254,794	144,254,794	(9,654,128)	134,600,666
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)	(34,721,464)	-	(34,721,464)
Total Transactions with owners	34,721,464	-	(52,082,196)	(52,082,196)	-	(52,082,196)
Balance as at March 31, 2010	208,328,786	321,843	887,209,528	1,061,138,693	29,336,168	1,090,474,861

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 / NINE MONTHS ENDED MARCH 31, 2010**

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, 2009. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2009 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 on March 31, 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, 2009.

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, 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.

3. SHARE CAPITAL

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
Authorized share capital	250,000,000	250,000,000
Issued, subscribed and paid up capital	<u>208,328,786</u>	<u>173,607,322</u>

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July.	275,722,172	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	(3,106,077)	(4,536,887)
- Related deferred tax liability	(1,672,503)	(2,442,939)
	(4,778,580)	(6,979,826)
Surplus on revaluation of fixed assets as at 31 March	270,943,592	275,722,172
Related deferred tax liability:		
- On Revaluation as at 01 July	(28,247,646)	(30,690,585)
- Transferred to profit and loss account		
Incremental depreciation charged during the year	1,672,503	2,442,939
	(26,575,143)	(28,247,646)
	244,368,449	247,474,526
5. LONG TERM FINANCING - secured		
Opening balance	268,187,500	274,386,350
Add. Disbursements during the period/year	-	87,926,150
	268,187,500	362,312,500
Less: Repayments during the period/year	(70,593,750)	(94,125,000)
	197,593,750	268,187,500
Less: Current portion shown under current liabilities	(94,125,000)	(94,125,000)
	103,468,750	174,062,500

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".

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	1,273,098,467	1,171,745,515
Add:		
Additions during the period/year	6.1 118,570,199	275,959,826
Less:		
Written down value of disposals	(25,776,032)	(11,841,590)
Depreciation	(81,255,963)	(162,765,284)
	(107,031,995)	(174,606,874)
	1,284,636,671	1,273,098,467

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
6.1 Additions during the period/year represents:		
Freehold land	1,500,000	2,000,000
Building on freehold land	49,436,089	9,165,940
Plant and machinery	17,340,200	6,389,289
Office equipments	5,861,676	15,984,697
Furniture and fixtures	197,540	173,760
Computers	1,462,487	2,685,725
Vehicles-owned	15,425,632	44,283,400
Capital work in progress	27,346,575	195,277,015
	<u>118,570,199</u>	<u>275,959,826</u>

7. SHORT TERM INVESTMENTS

Investments at fair value through profit and loss

- listed securities	7.1	12,876,571	35,069,367
Held to maturity investments - local currency	7.2	-	28,905,079
		<u>12,876,571</u>	<u>63,974,446</u>

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

		March 31, 2010 (Rupees)		June 30, 2009 (Rupees)			
Number of shares	Name of Companies	Carrying value	Fair value	Carrying value	Fair value		
March 2010	June 2009						
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each		1,175,000	1,249,750	1,788,750	1,154,000
-	118,800	Pakistan Petroleum Ltd Ordinary shares of Rs. 10 each		-	-	26,566,920	22,517,352
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each		2,144,746	1,932,920	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each		-	-	727,943	862,000
415,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each		4,135,400	5,312,000	2,852,317	2,436,000
7,000	20,000	Pakistan Oilfields.Ltd. Ordinary shares of Rs. 10 each		1,658,604	1,636,880	3,235,471	2,918,000
-	45,000	Oil & Gas Development Company Ltd. Ordinary shares of Rs. 10 each		-	-	3,505,442	3,538,800
500,004	-	PICIC-IF Ordinary Shares of Rs.10 each		2,910,023	2,745,021	-	-
		<u>12,023,773</u>	<u>12,876,571</u>	40,320,712	35,069,367		
		Unrealised Gain / (loss)on account of remeasurement to fair value		852,798	-	(5,251,345)	-
		<u>12,876,571</u>	<u>12,876,571</u>	<u>35,069,367</u>	<u>35,069,367</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.

8 COST OF SALES

		3 Months Ended March 31, 2010 (Un-Audited) (Rupees)	3 Months Ended March 31, 2009 (Un-Audited) (Rupees)	9 Months Ended March 31, 2010 (Un-Audited) (Rupees)	9 Months Ended March 31, 2009 (Un-Audited) (Rupees)
Material consumed	8.1	309,672,402	162,948,123	533,662,233	401,695,704
Manufacturing expenses		56,807,389	26,278,521	157,354,896	72,762,112
Opening work in process		12,829,495	11,849,920	7,791,792	5,206,081
		379,309,286	201,076,564	698,808,921	479,663,897
Less: closing work in process		(8,980,460)	(10,261,837)	(8,980,460)	(10,261,837)
Cost of goods manufactured		370,328,826	190,814,727	689,828,461	469,402,060
Add: opening finished goods		189,660,438	89,763,706	131,451,425	87,060,584
		559,989,264	280,578,433	821,279,886	556,462,644
Less: closing finished goods		(213,139,000)	(129,474,799)	(213,139,000)	(129,474,799)
Cost of sales		346,850,264	151,103,634	608,140,886	426,987,845

8.1 Material consumed

Opening stock	116,564,923	112,728,650	134,222,613	97,207,390
Add: purchases				
during the period	321,688,707	181,949,826	528,020,848	436,218,667
	438,253,630	294,678,476	662,243,461	533,426,057
Less: closing stock	(128,581,228)	(131,730,353)	(128,581,228)	(131,730,353)
	309,672,402	162,948,123	533,662,233	401,695,704

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 Ended March 31, 2010 (Un-Audited) (Rupees)	9 Months Ended March 31, 2009 (Un-Audited) (Rupees)
Other related parties		
Contribution to employee provident fund	18,546,397	4,741,753
Remuneration of directors and key management personal	38,266,500	35,611,741

	March 31, 2010 (Rupees)	June 30, 2009 (Rupees)
10. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the company	8,755,640	13,755,640
Commitments:		
ii Capital Expenditure	34,845,769	46,703,730
iii Letter of credits other than for capital expenditure	38,266,501	23,370,273

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 27, 2010.

Rawalpindi
April 27, 2010

Director

Chairperson & CEO