



*Financial Statements for the
Quarter/Nine Months
Ended March 31, 2005*

FEROZSONS LABORATORIES LIMITED
197-A, The Mall, Rawalpindi

FEROZSONS LABORATORIES LIMITED
DIRECTORS' REVIEW OF ACCOUNTS FOR
THE QUARTER ENDED MARCH 31, 2005

We are pleased to present your company's consolidated un-audited accounts for the Quarter as well as the 9 months ended March 31, 2005.

Net Sales of your Company's pharmaceutical operations registered an increase of 32.54%, for the Quarter, increasing from Rs. 132.335 Million in Q III, 2004 to Rs. 175.394 Million during the Quarter under Review. For the nine-month period, Net Sales increased from Rs. 362.343 Million for the first three quarters of last year to Rs. 473.570 Million for the Corresponding period of the current year, an improvement of 30.70%.

Consolidated Net Sales including the Farmacia Venture of your company stood at Rs. 192.635 Million for the Quarter ended March 31, an improvement of 15.59% over Rs. 166.648 Million achieved in the corresponding quarter of last year. Consolidated Net Sales for the nine-month period grew by 10.52% to Rs. 527.626 Million, compared to Rs. 477.400 Million achieved during the corresponding period of last year. The dilution in sales growth reflects the closure towards the end of last year of Farmacia's loss-making branch at Jinnah Hospital, Lahore. Since the closure, Farmacia has returned to a healthy profitability. In its first nine months of the current financial year, Farmacia earned a net profit of Rs. 4.217 Million, against a loss of Rs. 7.787 Million during the corresponding period of last year. We would like to express Our appreciation of the excellent efforts by the management team and staff at Farmacia for achieving this turnaround.

Your Company's Gross Profit (GP) for the Quarter under review rose to Rs. 97.234 Million from Rs. 79.638 Million, an improvement of 22.10%. For the nine months under review, the GP stood at Rs. 268.560 Million, an increase of 20.26% over the GP of Rs. 223.318 Million achieved during the same period of last year.

Operating expenses increased by 27.06%, from Rs. 37.827 Million during Quarter III 2004, to Rs. 48.063 Million during the Quarter under review. Operating Expenses for the 9 Months were Rs. 134.973 Million, an increase of 10.57% over the figure of Rs. 122.073 Million incurred during the same period of the previous year.

Profit from Operations for the Quarter increased by 21.66 % to Rs. 54.394 Million, from Rs. 44.712 Million achieved during the same Quarter of last year. For the 9-month period, the Profit from Operations increased by 33.25 % to Rs. 142.361 Million (2004: Rs. 106.837 Million).

After adjusting for a loss of Rs. 4.446 Million on remeasurement of your Company's equity investment portfolio, and a provision for taxation and other levies of Rs. 44 Million (2004: Rs 32.700 Million), the Net Profit of your company for the 9-month period under review stands at Rs. 96.811 Million, an improvement of 40.19% over the Net Profit of Rs. 69.055 Million achieved during the same period of the previous year. Net Profit for the Quarter under review stood at Rs. 34.565 Million, an improvement of 33.62% over the figure of Rs. 25.868 Million achieved during Quarter III of last year.

The Basic Earnings per Share (EPS) of your Company for the Quarter ended March 31, 2004, on its increased paid-up capital stand at Rs. 4.47 per share (2003: Rs. 3.35). The 9-monthly EPS stands at Rs. 12.53 per share, compared to Rs. 8.94 achieved during the same period last year.

Future Scenario

Your Company plans to increase its focus on growth through its portfolio of value-added brands in the key niche areas of hepatology, oncology, cardiology and dermatology. Our collaboration with our principals in these areas continues to flourish, and our planned investment in our new facilities at Lahore is so far continuing on schedule. Barring any severe and unforeseen economic down-turn, your Company should Inshallah be able to build on the momentum it has achieved so far, and to continue on the path to becoming one of the nation's leading providers of global quality healthcare.

For and on Behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & Chief Executive

April 28, 2005

FEROZSONS
BALANCE SHEET

	Note	March 31, 2005 Un-Audited (Rupees)	June 30, 2004 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paidup capital		77,282,460	55,201,760
Capital reserve		321,843	321,843
Reserve for issue of bonus shares		6	22,080,706
Unappropriated profit		<u>242,556,136</u>	<u>164,874,732</u>
		320,160,445	242,479,041
SURPLUS ON REVALUATION OF FIXED			
ASSETS-net of tax		60,990,156	61,284,221
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		21,700,867	2,341,580
DEFERRED LIABILITY FOR TAXATION			
		17,317,133	17,214,210
CURRENT LIABILITIES			
Trade and other payables		<u>74,929,167</u>	46,288,138
Current maturity of liabilities against assets subject to finance lease		1,027,453	5,141,337
Provision for taxation		44,280,921	44,419,418
Revolving advances		122,456	122,456
Proposed dividend		-	22,080,704
		<u>120,359,997</u>	118,052,053
		<u>540,528,598</u>	<u>441,371,105</u>

The annexed notes 1 to 10 form an integral part of these financial statements.
These financial statements were authorised for issue on April 28, 2005 by the Board of Directors of the Company

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

LABORATORIES LIMITED
AS AT MARCH 31, 2005

	Note	March 31, 2005 Un-Audited (Rupees)	June 30, 2004 Audited (Rupees)
FIXED ASSETS-tangible			
Property, plant and equipment	3	259,750,289	224,496,329
Capital work in progress		<u>5,013,560</u>	<u>2,457,970</u>
		264,763,849	226,954,299
LONG TERM INVESTMENTS	4	18,437,174	14,304,739
LONG TERM DEPOSITS		1,957,639	1,662,773
CURRENT ASSETS			
Stores, spares and loose tools		3,473,017	3,408,688
Stock in trade		107,024,066	84,605,100
Trade debts		9,376,005	6,370,838
Loans and advances		70,736,887	35,784,484
Trade Deposits and short term prepayments		7,491,876	2,205,880
Other receivables		15,748,545	338,195
Short term investments	5	31,559,500	24,763,787
Cash and bank balances		9,960,040	40,972,322
		255,369,936	198,449,294
		<u>540,528,598</u>	<u>441,371,105</u>

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER/NINE MONTHS ENDED MARCH 31, 2005

	Note	Quarter Ended March 31, 2005 (Rupees)	Nine Months Ended March 31, 2005 (Rupees)	Quarter Ended March 31, 2004 (Rupees)	Nine Months Ended March 31, 2004 (Rupees)
Gross sales		199,265,263	524,743,593	144,026,706	395,093,784
Less: Discount		<u>23,871,425</u>	<u>51,174,074</u>	<u>11,691,519</u>	<u>32,750,746</u>
Net sales		175,393,838	473,569,519	132,335,187	362,343,038
Cost of sales	6	<u>78,160,030</u>	<u>205,009,602</u>	<u>52,697,587</u>	<u>139,024,670</u>
GROSS PROFIT		97,233,808	268,559,917	79,637,600	223,318,368
Other operating income		<u>5,223,414</u>	<u>8,774,442</u>	<u>2,900,838</u>	<u>5,591,313</u>
		102,457,222	277,334,359	82,538,438	228,909,681
Distribution cost		<u>36,474,364</u>	<u>102,140,872</u>	<u>27,699,896</u>	<u>92,526,451</u>
Administrative expenses		<u>11,588,539</u>	<u>32,832,077</u>	<u>10,126,826</u>	<u>29,546,426</u>
PROFIT FROM OPERATIONS		54,394,319	142,361,410	44,711,716	106,836,804
(Loss)/Gain on remeasurement of short term investments		<u>(5,127,398)</u>	<u>(4,445,889)</u>	<u>(1,335,340)</u>	<u>758,724</u>
Share in profit/(loss) of Farmacia- 98% owned partnership		<u>1,122,233</u>	<u>4,132,435</u>	<u>(3,616,119)</u>	<u>(4,789,520)</u>
Finance cost		<u>(424,026)</u>	<u>(1,237,079)</u>	<u>(321,530)</u>	<u>(1,050,910)</u>
NET PROFIT BEFORE TAXATION		49,965,128	140,810,877	39,438,727	101,755,098
Provision for taxation		<u>15,400,000</u>	<u>44,000,000</u>	<u>13,569,917</u>	<u>32,700,000</u>
NET PROFIT AFTER TAXATION		<u>34,565,128</u>	<u>96,810,877</u>	<u>25,868,810</u>	<u>69,055,098</u>
Earnings per share - basic and diluted (Rupees)		4.47	12.53	3.35	8.94

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2005

	March 31, 2005 (Rupees)	March 31, 2004 (Rupees)
Profit before taxation	140,810,877	101,755,098
Cash flow from operating activities		
Adjustment for:		
Depreciation	17,080,094	11,762,549
Loss/(gain) on sale of fixed assets	(1,058,120)	(372,621)
Finance cost	1,237,079	1,050,910
Profit /interest from investments/bank deposits/capital gains	(7,716,322)	(5,218,692)
Loss on remeasurement of short term investments	4,445,889	(758,724)
	13,988,620	6,463,422
Operating profit before working capital changes	154,799,497	108,218,520
Decrease/(increase) in:		
Stocks and stores	(22,483,295)	6,948,415
Trade debtors	(3,005,167)	1,279,777
Advances, deposits, prepayments and other receivables	(58,832,318)	3,067,211
	(84,320,780)	11,295,403
Increase/(decrease) in current liabilities	25,181,671	(869,961)
	95,660,387	118,643,962
Finance cost	(1,237,079)	(1,050,910)
Taxes paid	(41,249,794)	(29,375,366)
Dividend paid	(37,941,961)	(33,442,808)
	15,231,553	54,774,878
Cash flow from investing activities		
Long term investments	(4,132,435)	(11,611,171)
Capital expenditure	(56,477,523)	(61,409,842)
Fixed assets transferred to Farmacia	-	5,249,663
Short term investments	(11,241,602)	(6,574,869)
Profit/interest from investments/bank deposits/capital gains received	7,716,322	5,218,692
Sale proceeds of fixed assets	2,646,000	736,056
Net cash used in investing activities	(61,489,238)	(68,391,471)
Cash flow from financing activities		
Finance leases repaid	(11,032,100)	(4,517,103)
Finance leases obtained	26,277,503	-
Net cash from/(used in) financing activities	15,245,403	(4,517,103)
Net increase/(decrease) in cash and cash equivalents	(31,012,282)	(18,133,696)
Cash and cash equivalents at the beginning of the period	40,972,322	37,038,656
Cash and cash equivalents at the end of the period	9,960,040	18,904,960

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2005

	Share capital (Rupees)	Capital reserve (Rupees)	Reserve for issue of bonus shares (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as at June 30, 2003	44,161,410	321,843	11,040,356	124,381,575	179,905,184
Net profit for the period	-	-	-	69,055,098	69,055,098
Bonus shares issued	11,040,350	-	(11,040,350)	-	-
Surplus on revaluation of fixed assets realized through depreciation for the nine months- net of deferred tax	-	-	-	194,768	194,768
Interim dividend Rs. 3 Per share	-	-	-	(16,560,528)	(16,560,528)
Balance as at March 31, 2004	<u>55,201,760</u>	<u>321,843</u>	<u>6</u>	<u>177,070,913</u>	<u>232,594,522</u>
Balance as at June 30, 2004	55,201,760	321,843	22,080,706	164,874,732	242,479,041
Net profit for the period	-	-	-	96,810,877	96,810,877
Bonus shares issued	22,080,700	-	(22,080,700)	-	-
Surplus on revaluation of fixed assets realized through depreciation for the nine months- net of deferred tax	-	-	-	191,142	191,142
Interim dividend Rs. 2.50 Per share	-	-	-	(19,320,615)	(19,320,615)
Balance as at March 31, 2005	<u>77,282,460</u>	<u>321,843</u>	<u>6</u>	<u>242,556,136</u>	<u>320,160,445</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2005 (UN-AUDITED)

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 8, 1960. The company is listed on Karachi, Lahore and Islamabad stock exchanges. The company is primarily engaged in the manufacture and sale of pharmaceuticals and soap products.

2. Basis of preparation

- 2.1 These accounts have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 These financial statements are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.3 The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual accounts of the Company for the preceding year ended June 30, 2004, except for changes referred in note 2.4.
- 2.4 Dividend is recognized as a liability in the period in which it is declared. Upto previous period, dividends proposed after the balance sheet date but before the financial statements were authorised for issue were recorded as a liability. The change has been necessitated by revision in the 4th Schedule to the Companies Ordinance, 1984. Proforma information required under International Accounting Standard 8: "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" is presented in note 7 to the financial statements.

	March 31, 2005 (Rupees)	March 31, 2004 (Rupees)
3. Fixed Assets		
Opening net book value	224,496,329	178,468,756
Add:		
Additions during the period	53,921,933	59,708,849
Less:		
Written down value of disposals	1,587,880	363,435
Depreciation	17,080,094	11,762,549
Adjustment on account of separation of Farmacia fixed assets	—	5,249,663
	<u>18,667,974</u>	<u>17,375,647</u>
	<u>259,750,289</u>	<u>220,801,958</u>

	March 31, 2005 (Rupees)	June 30, 2004 (Rupees)
4. Long term investments		
Investment in subsidiary (4.1)	18,404,089	14,271,654
Held to maturity	-	4,995,996
Available for sale-unquoted shares	<u>33,085</u>	<u>33,085</u>
	18,437,174	19,300,735
Less: transferred to current maturity	<u>-</u>	<u>(4,995,996)</u>
	<u>18,437,174</u>	<u>14,304,739</u>
4.1 Long term investment in Farmacia-98% owned partnership concern	14,271,654	17,401,095
Share of profit/(loss) of Farmacia for the period	<u>4,132,435</u>	<u>(3,129,441)</u>
	<u>18,404,089</u>	<u>14,271,654</u>
5. Short Term Investments		
Investments measured at fair value through profit or loss	5.1 31,559,500	19,767,791
Current portion of investment held to maturity	<u>-</u>	<u>4,995,996</u>
	<u>31,559,500</u>	<u>24,763,787</u>

5.1 Quoted - shares

Number of shares		Name of Companies	March 31, 2005 (Rupees)		June 30, 2004 (Rupees)	
March 31, 2005	June 30, 2004		Carrying value	Fair value	Carrying value	Fair value
-	25,500	PICIC Commercial Bank Limited Ordinary shares of Rs. 10 each	-	-	628,895	860,625
-	61,600	Faysal Bank Ltd. Ordinary shares of Rs. 10 each	-	-	2,103,229	2,202,200
400,000	200,000	Pakistan Telecommunication Company Limited 'A' class shares of Rs. 10 each	31,921,619	28,100,000	8,654,480	8,430,000
-	1,077	Oil and Gas Development Co. Ltd., Ordinary shares of Rs. 10 each	-	-	34,475	69,466
110,000	110,000	Hub Power Company Limited Ordinary shares of Rs. 10 each	4,083,770	3,459,500	4,083,770	3,553,000
-	10,000	Pakistan Oilfield Limited Ordinary shares of Rs. 10 each	-	-	1,987,920	2,085,000
-	10,000	Pakistan State Oil Co. Limited Ordinary shares of Rs. 10 each	-	-	2,710,800	2,567,500
			<u>36,005,389</u>	<u>31,559,500</u>	20,203,569	19,767,791
		Unrealised gain/(loss) on account of remeasurement to fair value	<u>(4,445,889)</u>	<u>-</u>	<u>(435,778)</u>	<u>-</u>
			<u>31,559,500</u>	<u>31,559,500</u>	<u>19,767,791</u>	<u>19,767,791</u>

6. Cost of sales		Nine Months Ended March 31, 2005 (Rupees)	Nine Months Ended March 31, 2004 (Rupees)
Material consumed	6.1	178,186,650	109,627,172
Manufacturing expenses		49,348,047	38,326,306
Opening Work in process		<u>3,748,567</u>	<u>2,642,562</u>
		231,283,264	150,596,040
Less: closing work in process		<u>4,816,116</u>	<u>5,189,956</u>
Cost of goods manufactured		226,467,148	145,406,084
Add: opening finished goods		<u>22,819,607</u>	<u>30,627,105</u>
		249,286,755	176,033,189
Less: closing finished goods		<u>44,277,153</u>	<u>37,008,519</u>
Cost of sales		<u><u>205,009,602</u></u>	<u><u>139,024,670</u></u>

6.1 Material consumed			
Opening stock		54,689,766	51,899,636
Add: purchases during the period		<u>180,726,409</u>	<u>109,658,783</u>
		235,416,175	161,558,419
Less: closing stock		<u>57,229,525</u>	<u>51,931,247</u>
		<u><u>178,186,650</u></u>	<u><u>109,627,172</u></u>

7. Re-stated proforma information

Statement of retained earning	Actual		Proforma	
	March 31, 2005	March 31, 2004	Restated March 31, 2005	Restated March 31, 2004
	(Rupees)			
Opening balance as at July, 01 as previously reported	164,874,732	124,381,575	164,874,732	124,381,575
Change in accounting policy Proposed final dividend	-	-	22,080,700	19,872,635
Opening balance as at July, 01 restated	<u>164,874,732</u>	<u>124,381,575</u>	<u>186,955,432</u>	<u>144,254,210</u>
Profit for the period	96,810,877	69,055,098	96,810,877	69,055,098
Transferred from surplus on revaluation of fixed assets to unappropriated profit-net of tax	191,142	194,768	191,142	194,768
Dividends	<u>(19,320,615)</u>	<u>(16,560,528)</u>	<u>(41,401,315)</u>	<u>(36,433,163)</u>
Closing balance as at March 31, 2005	<u><u>242,556,136</u></u>	<u><u>177,070,913</u></u>	<u><u>242,556,136</u></u>	<u><u>177,070,913</u></u>

8. Transactions with related parties

The related parties include associated companies, Contributory provident fund, major shareholders, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Purchase of listed securities	63,567,839	7,828,229
Sale of listed securities	52,479,943	11,536,359
Sale of medicines	1,604,824	698,258
Payment of lease rentals on behalf of Farmacia	151,197	–
Contribution to Contributory provident fund	2,234,660	709,762

The following are related parties of the company:

- Akbarally Cassim & Sons
- Farmacia
- KFW Factors (Private) Limited
- Contributory Provident Fund

Transactions with related parties are made at arm's length basis. The price charged to related party is generally determined under the "Comparable Uncontrolled Price Method".

9. Contingencies and commitments

- 9.1 Standard Chartered Bank Limited, Rawalpindi and Bank Alfalah Limited, Rawalpindi have issued letter of guarantees amounting to Rs. 0.492 million (June 2004: Rs. 0.492 million). On behalf of the company in the ordinary course of business.
- 9.2 Commitments in respect of irrevocable letters of credit amounted to Rs. 26.616 million (June 2004: Rs. 24.564 million) at the period end.
- 9.3 Certain cases are pending against the company in different Courts of law, however the management is confident of a favourable decision.

10. General

- 10.1 The figures have been rounded off to the nearest rupee.
- 10.2 Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 5, 2004, previous period's figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President



*Consolidated Financial Statements
for the Quarter/Nine Months
Ended March 31, 2005*

FEROZSONS LABORATORIES LIMITED
197-A, The Mall, Rawalpindi

FEROZSONS
CONSOLIDATED BALANCE

	Note	March 31 2005 Un-audited (Rupees)	June 30 2004 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital		77,282,460	55,201,760
Capital reserve		321,843	321,843
Reserve for issue of bonus shares		6	22,080,706
Unappropriated profit		<u>242,556,136</u>	<u>164,874,732</u>
		320,160,445	242,479,041
SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax			
		60,990,156	61,284,221
MINORITY INTEREST			
		375,594	291,259
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		21,700,867	2,341,580
DEFERRED LIABILITY FOR TAXATION			
		17,317,133	17,214,210
CURRENT LIABILITIES			
Trade and other payables		<u>78,985,368</u>	<u>51,381,311</u>
Current maturity of liabilities against assets subject to finance lease		1,027,453	5,141,337
Provision for taxation		45,382,559	45,076,847
Revolving advances		122,456	122,456
Proposed dividend		-	22,080,704
		<u>125,517,836</u>	<u>123,802,655</u>
		<u>546,062,031</u>	<u>447,412,966</u>

The annexed notes 1 to 10 form an integral part of these financial statements.
These financial statements were authorised for issue on April 28, 2005 by the Board of Directors of the Company

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

LABORATORIES LIMITED
SHEET AS AT MARCH 31, 2005

	Note	March 31 2005 Un-audited (Rupees)	June 30 2004 Audited (Rupees)
FIXED ASSETS-tangible			
Property, plant and equipment	3	262,894,799	227,914,617
Capital work in progress		<u>5,013,560</u>	<u>2,457,970</u>
		267,908,359	230,372,587
LONG TERM INVESTMENTS			
	4	33,085	33,085
LONG TERM DEPOSITS			
		1,968,839	1,722,973
CURRENT ASSETS			
Stores, spares and loose tools		3,473,017	3,408,688
Stock in trade		110,874,066	90,984,280
Trade debts		11,999,336	9,881,645
Loans and advances		71,286,954	36,567,022
Trade Deposits and short term prepayments		7,508,403	2,221,309
Other receivables		24,648,710	338,195
Short term investments	5	31,559,500	24,763,787
Cash and bank balances		14,801,762	47,119,395
		276,151,748	215,284,321
		<u>546,062,031</u>	<u>447,412,966</u>

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER/NINE MONTHS ENDED MARCH 31, 2005

	Quarter Ended March 31, 2005 (Rupees)	Nine Months Ended March 31, 2005 (Rupees)	Quarter Ended March 31, 2004 (Rupees)	Nine Months Ended March 31, 2004 (Rupees)
Gross sales	216,830,853	579,772,178	178,617,117	510,944,209
Less: Discount	<u>24,196,091</u>	<u>52,146,371</u>	<u>11,968,629</u>	<u>33,544,203</u>
Net sales	192,634,762	527,625,807	166,648,488	477,400,006
Cost of sales	6 <u>92,052,587</u>	<u>250,179,637</u>	<u>87,825,867</u>	<u>246,739,548</u>
GROSS PROFIT	100,582,175	277,446,170	78,822,621	230,660,458
Other operating income	<u>5,345,479</u>	<u>8,918,479</u>	<u>2,895,372</u>	<u>5,622,811</u>
	105,927,654	286,364,649	81,717,993	236,283,269
Distribution cost	37,966,214	105,809,506	30,069,390	104,287,326
Administrative expenses	<u>11,588,539</u>	<u>32,832,077</u>	<u>10,126,826</u>	<u>29,546,426</u>
PROFIT FROM OPERATIONS	56,372,901	147,723,066	41,521,777	102,449,517
(Loss)/Gain on remeasurement of short term investment	<u>(5,127,398)</u>	<u>(4,445,889)</u>	<u>(1,335,340)</u>	758,724
Finance cost	<u>(434,594)</u>	<u>(1,280,327)</u>	<u>(321,530)</u>	<u>(1,050,910)</u>
NET PROFIT BEFORE TAXATION	50,810,909	141,996,850	39,864,907	102,157,331
Provision for taxation	<u>16,222,879</u>	<u>45,101,638</u>	<u>14,069,895</u>	<u>33,199,978</u>
NET PROFIT AFTER TAXATION	34,588,030	96,895,212	25,795,012	68,957,353
Minority interest	22,902	84,335	73,798	97,745
PROFIT ATTRIBUTABLE TO HOLDING COMPANY	<u>34,565,128</u>	<u>96,810,877</u>	<u>25,868,810</u>	<u>69,055,098</u>
Earnings per share - basic and diluted (Rupees)	4.47	12.53	3.35	8.94

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2005

	March 31, 2005 (Rupees)	March 31, 2004 (Rupees)
Profit before taxation	141,996,850	102,255,076
Cash flow from operating activities		
Adjustment for:		
Depreciation	17,389,371	12,162,119
Loss/(gain) on sale of fixed assets	(1,058,120)	(372,621)
Financial charges	1,280,327	1,050,910
Profit /interest from investments/bank deposits/capital gains	(7,716,322)	(5,250,190)
Gain on remeasurement of short term investments	4,445,889	(758,724)
	14,341,145	6,831,494
Operating profit before working capital changes	156,337,995	109,086,570
Decrease/(increase) in:		
Stocks and stores	(19,954,115)	(3,870,054)
Trade debtors	(2,117,691)	(4,387,672)
Advances, deposits, prepayments and other receivables	(67,683,696)	798,352
	(89,755,502)	(7,459,374)
Increase/(decrease) in current liabilities	24,144,699	11,091,979
	90,727,192	112,719,175
Minority interest	-	257,380
	90,727,192	112,976,555
Financial charges paid	(1,280,327)	(1,050,910)
Taxes paid	(41,675,637)	(29,875,344)
Dividend paid	(37,941,961)	(33,442,808)
	9,829,267	48,607,493
Cash flow from investing activities		
Long term investments	-	1,000,404
Capital expenditure	(56,513,023)	(61,983,752)
Short term investments	(11,241,602)	(6,574,869)
Profit/interest from investments/bank deposits/capital gains received	7,716,322	5,250,190
Sale proceeds of fixed assets	2,646,000	736,056
Net cash used in investing activities	(57,392,303)	(61,571,971)
Cash flow from financing activities		
Finance leases repaid	(11,032,100)	(4,517,103)
Finance leases obtained	26,277,503	-
Net cash from /(used in) financing activities	15,245,403	(4,517,103)
Net increase/(decrease) in cash and cash equivalents	(32,317,633)	(17,481,581)
Cash and cash equivalents at the beginning of the period	47,119,395	37,038,656
Cash and cash equivalents at the end of the period	14,801,762	19,557,075

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2005

	Share capital	Capital reserve	Reserve for issue of bonus shares	Unappropriated profit	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at June 30, 2003	44,161,410	321,843	11,040,356	124,381,575	179,905,184
Net profit for the period	-	-	-	69,055,098	69,055,098
Bonus shares issued	11,040,350	-	(11,040,350)	-	-
Surplus on revaluation of fixed assets realized through depreciation for the nine months-net of deferred tax	-	-	-	194,768	194,768
Interim dividend Rs. 3 Per share	-	-	-	(16,560,528)	(16,560,528)
Balance as at March 31, 2004	<u>55,201,760</u>	<u>321,843</u>	<u>6</u>	<u>177,070,913</u>	<u>232,594,522</u>
Balance as at June 30, 2004	55,201,760	321,843	22,080,706	164,874,732	242,479,041
Net profit for the period	-	-	-	96,810,877	96,810,877
Bonus shares issued	22,080,700	-	(22,080,700)	-	-
Surplus on revaluation of fixed assets realized through depreciation for the nine months-net of deferred tax	-	-	-	191,142	191,142
Interim dividend Rs. 2.50 Per share	-	-	-	(19,320,615)	(19,320,615)
Balance as at March 31, 2005	<u>77,282,460</u>	<u>321,843</u>	<u>6</u>	<u>242,556,136</u>	<u>320,160,445</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President

FEROZSONS LABORATORIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2005 (UN-AUDITED)

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 8, 1960. The company is listed on Karachi, Lahore and Islamabad stock exchanges. The company is primarily engaged in the manufacture and sale of pharmaceuticals and soap products.

2. Basis of preparation

- 2.1 These accounts have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 These accounts are un-audited and are being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.3 The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual accounts of the Company for the preceding year ended June 30, 2004, except for changes referred in note 2.4. The consolidated accounts include the accounts of the holding company i.e Ferozsons Laboratories Limited and its 98% owned partnership concern Farmacia.
- 2.4 Dividend is recognized as a liability in the period in which it is declared. Upto previous year, dividends proposed after the balance sheet date but before the financial statements were authorised for issue were recorded as a liability. The change has been necessitated by revision in the 4th Schedule to the Companies Ordinance, 1984. Proforma information required under International Accounting Standard 8: "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" is presented in note 7 to the financial statements.

3. Fixed Assets	March 31, 2005 (Rupees)	March 31, 2004 (Rupees)
Opening net book value	227,914,617	178,468,756
Add:		
Additions during the period	53,957,433	60,282,759
Less:		
Written down value of disposals	1,587,880	363,435
Depreciation	17,389,371	12,162,119
	18,977,251	12,525,554
	262,894,799	226,225,961

	March 31, 2005 (Rupees)	June 30, 2004 (Rupees)
4. Long term investments		
Held to maturity	-	4,995,996
Available for sale-unquoted shares	<u>33,085</u>	<u>33,085</u>
	<u>33,085</u>	<u>5,029,081</u>
5. Short Term Investments		
Investments measured at fair value through profit or loss	5.1 31,559,500	19,767,791
Current portion of investment held to maturity	<u>-</u>	<u>4,995,996</u>
	<u>31,559,500</u>	<u>24,763,787</u>

5.1 Quoted - shares

Number of shares	Name of Companies	March 31, 2005 (Rupees)		June 30, 2004 (Rupees)		
		Carrying value	Fair value	Carrying value	Fair value	
March 31, 2005	June 30, 2004					
-	25,500	PICIC Commercial Bank Limited Ordinary shares of Rs. 10 each	-	-	628,895	860,625
-	61,600	Faysal Bank Ltd. Ordinary shares of Rs. 10 each	-	-	2,103,229	2,202,200
400,000	200,000	Pakistan Telecommunication Company Limited 'A' class shares of Rs. 10 each	31,921,619	28,100,000	8,654,480	8,430,000
-	1,077	Oil and Gas Development Co. Ltd., Ordinary shares of Rs. 10 each	-	-	34,475	69,466
110,000	110,000	Hub Power Company Limited Ordinary shares of Rs. 10 each	4,083,770	3,459,500	4,083,770	3,553,000
-	10,000	Pakistan Oilfield Limited Ordinary shares of Rs. 10 each	-	-	1,987,920	2,085,000
-	10,000	Pakistan State Oil Co. Limited Ordinary shares of Rs. 10 each	-	-	2,710,800	2,567,500
			<u>36,005,389</u>	<u>31,559,500</u>	<u>20,203,569</u>	<u>19,767,791</u>
		Unrealised gain/(loss) on account of remeasurement to fair value	<u>(4,445,889)</u>	<u>-</u>	<u>(435,778)</u>	<u>-</u>
			<u>31,559,500</u>	<u>31,559,500</u>	<u>19,767,791</u>	<u>19,767,791</u>

6. Cost of sales		Nine Months Ended March 31, 2005 (Rupees)	Nine Months Ended March 31, 2004 (Rupees)
Material consumed	6.1	223,356,685	216,942,480
Manufacturing expenses		49,348,047	38,725,876
Opening Work in process		3,748,567	2,642,562
		276,453,299	258,310,918
Less: closing work in process		4,816,116	5,189,956
Cost of goods manufactured		271,637,183	253,120,962
Add: opening finished goods		22,819,607	30,627,105
		294,456,790	283,748,067
Less: closing finished goods		44,277,153	37,008,519
Cost of sales		250,179,637	246,739,548

6.1 Material consumed

Opening stock	61,068,945	67,014,921
Add: purchases during the period	223,367,265	212,677,275
	284,436,210	279,692,196
Less: closing stock	61,079,525	62,749,716
	223,356,685	216,942,480

7. Re-stated proforma information

Statement of retained earning	Actual		Proforma	
	March 31, 2005	March 31, 2004	Restated March 31, 2005	Restated March 31, 2004
	(Rupees)			
Opening balance as at July, 01 as previously reported	164,874,732	124,381,575	164,874,732	124,381,575
Change in accounting policy Proposed final dividend	-	-	22,080,700	19,872,635
Opening balance as at July, 01 restated	164,874,732	124,381,575	186,955,432	144,254,210
Profit for the period	96,810,877	69,055,098	96,810,877	69,055,098
Transferred from surplus on revaluation of fixed assets to unappropriated profit-net of tax	191,142	194,768	191,142	194,768
Dividends	(19,320,615)	(16,560,528)	(41,401,315)	(36,433,163)
Closing balance as at March 31, 2005	242,556,136	177,070,913	242,556,136	177,070,913

8. Transactions with related parties

The related parties include associated companies, Contributory provident fund, major shareholders, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Purchase of listed securities	63,567,839	7,828,229
Sale of listed securities	52,479,943	4,881,140
Contribution to Contributory provident fund	2,234,660	709,762

The following are related parties of the company:

- Akbarally Cassim & Sons
- KFW Factors (Private) Limited
- Contributory Provident Fund

Transactions with related parties are made at arm's length basis. The price charged to related party is generally determined under the "Comparable Uncontrolled Price Method".

9. Contingencies and commitments

- 9.1 Standard Chartered Bank Limited, Rawalpindi and Bank Alfalah Limited, Rawalpindi have issued letter of guarantees amounting to Rs. 0.492 million (June 2004: Rs. 0.492 million). On behalf of the company in the ordinary course of business.
- 9.2 Commitments in respect of irrevocable letters of credit amounted to Rs. 26.616 million (June 2004: Rs. 24.564 million) at the period end.
- 9.3 Certain cases are pending against the company in different Courts of law, however the management is confident of a favorable decision.

10. General

- 10.1 The figures have been rounded off to the nearest rupee.
- 10.2 Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 5, 2004, previous period's figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison.

Rawalpindi
April 28, 2005

Mrs. Akhter Khalid Waheed
Chairperson and Chief Executive

Osman Khalid Waheed
Director / President