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***Condensed Interim  
Financial Information  
for the Quarter/Six Months  
Ended December 31, 2009***

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**FEROZSONS**  
LABORATORIES LIMITED



## DIRECTORS' REVIEW OF THE FINANCIAL INFORMATION FOR THE QUARTER & HALF YEAR ENDED DECEMBER 31, 2009

We are pleased to present your Company's individual and consolidated financial information for the quarter & half year ended December 31, 2009. These condensed interim 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 have 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-Dec-09	3 Months 31-Dec-08	6 Months 31-Dec-09	6 Months 31-Dec-08	3 Months 31-Dec-09	3 Months 31-Dec-08	6 Months 31-Dec-09	6 Months 31-Dec-08
	<b>(Rupees in thousands)</b>							
Sales (net)	327,626	288,649	625,664	501,218	392,846	317,581	738,599	557,644
Gross Profit	155,932	155,472	298,621	268,919	172,388	162,457	335,897	281,760
Profit before tax	74,305	66,155	162,361	114,622	50,997	65,572	124,585	117,577
Taxation	(20,718)	(17,162)	(45,088)	(29,457)	(21,385)	(18,401)	(46,494)	(32,115)
Profit after tax	53,587	48,992	117,273	85,165	29,612	47,171	78,091	85,462

Net Sales of your Company's pharmaceutical operations witnessed an increase of 13.50% for the 2nd Quarter under review when compared to the same quarter last year. Similarly the consolidated net sales including the sales of Farmacia and BF Biosciences Limited, whose product range was previously reflected in the Company's sales, showed an increase of 23.70% for the 2nd quarter. This is a healthy figure considering the fact that this period was marred by terrorist attacks throughout the country, which claimed over 1,800 lives in this period and badly affected routine economic activity.

However, as the first quarter had witnessed a healthier growth, the net sales for the six months ending December 31, 2009 show an overall increase of 24.83%. Similarly, Consolidated Net Sales including BF Biosciences Limited and Farmacia also showed an increase of 32.45% for the six months ended December 31, 2009 in comparison with the Sales for the same period of last year. We are also glad to report that the company's new launches, particularly Dynetic in the GI segment and Centaurus in Hepatology, have made an encouraging start and we expect them to contribute further to the company's growth in the coming year.

Owing to a continued depreciation of the Rupee and increased raw material prices, the cost of sales of your Company increased by 28.92% during the 2nd quarter and by 40.79% overall during the six months ended December 31, 2009. The unusual increase in overall cost of sales also represents the increased portion of Boston and Biotech cost. This has led to a nominal growth of Gross Profit of your Company, which is 0.30% for the 2nd Quarter and 11.04% for six months respectively in comparison to the same quarter and six 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 12.32% in 2nd Quarter and by 41.65% as a whole respectively, whereas Net Profit After Tax (NPAT) increased by 9.38% in 2nd Quarter and by 37.70% as a whole during the six month ended December 31, 2009 in comparison with the same period last year.

Based on the net profit for the six months ended December 31, 2009, the Earnings per Share (EPS), both basic and diluted, stand at 5.63 compared to EPS of Rs. 4.09 of same respective period of last year, on the enhanced capital of Rs. 208.329 Million after the issuance of bonus share during the six months.

### BF Biosciences Limited Operational Status

The Company's subsidiary, BF Biosciences Limited, has successfully completed its test phase for the first of its key products and is nearing completion in others, and we hope to begin commercial sales of BF-produced stocks during the third quarter. This will Inshallah bring a substantial improvement in the margins for these products.

**Future Outlook**

Unfortunately despite the industry's best efforts to work with the regulatory authorities for evolving a rational pricing formula, little progress has been made in this area, and the pharmaceutical industry remains hostage to a price freeze that has been in place for nearly a decade. The Supreme Court of Pakistan has also taken note of the arbitrariness of pharmaceutical pricing and directed the Ministry of health to finalize a formula. We hope that this directive will provide a fresh impetus in the matter, and we are able to obtain a transparent pricing policy that protects consumer interest and at the same time takes into account economic realities of the country.

**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**

## Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of Ferozsons Laboratories Limited ("the Company") as at 31 December 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended 31 December 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months periods ended 31 December 2009 and 31 December 2008 in the interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended 31 December 2009.

Islamabad

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Engagement Partner: Riaz Akbar Ali Pesnani**

**CONDENSED INTERIM BALANCE SHEET**

		December 31, 2009	June 30, 2009
	Note	Un-Audited (Rupees)	Audited (Rupees)
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	3	208,328,786	173,607,322
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		863,461,571	796,200,236
		<u>1,072,112,200</u>	<u>970,129,401</u>
Surplus on revaluation of fixed assets - net of tax	4	245,403,808	247,474,526
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	5	70,937,500	99,312,500
Liabilities against assets subject to finance lease		296,580	475,003
Deferred liability for taxation		51,775,589	53,960,117
		<u>123,009,669</u>	<u>153,747,620</u>
Derivative liability - interest rate swap		327,849	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		198,057,524	146,275,665
Accrued markup of long term financing		2,370,202	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		688,267	983,653
Provision for taxation - net		16,466,664	361,151
		<u>274,332,657</u>	<u>208,558,246</u>
		<u>1,715,186,183</u>	<u>1,579,909,793</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-

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

**AS AT DECEMBER 31, 2009**

		<b>December 31, 2009 Un-Audited (Rupees)</b>	<b>June 30, 2009 Audited (Rupees)</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	<b>718,888,164</b>	735,614,952
Long term investments	7	<b>218,898,195</b>	214,806,189
Long term loan		<b>70,937,500</b>	99,312,500
Long term deposits		<b>946,400</b>	969,370
Derivative asset - interest rate swap		-	31,143
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		<b>4,040,176</b>	3,628,845
Stock in trade		<b>301,937,379</b>	272,988,349
Trade debts - considered good	8	<b>169,259,128</b>	49,545,707
Current portion of long term loan		<b>127,687,500</b>	99,312,500
Loans and advances - considered good		<b>10,303,109</b>	7,367,988
Deposits and prepayments		<b>21,634,498</b>	7,293,812
Interest accrued		<b>42,404,857</b>	29,804,338
Other receivables	9	<b>6,977,452</b>	1,881,726
Other financial assets	10	<b>12,968,120</b>	35,069,367
Cash and bank balances		<b>8,303,705</b>	22,283,007
		<b>705,515,924</b>	529,175,639
		<b><u>1,715,186,183</u></b>	<b><u>1,579,909,793</u></b>

Director

Chairperson &amp; CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

		Three months ended December 31, 2009 (Rupees)	Three months ended December 31, 2008 (Rupees)	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2008 (Rupees)
	<b>Note</b>				
Net sales		<b>327,626,046</b>	288,648,553	<b>625,664,119</b>	501,217,751
Cost of sales	11	<b>(171,694,492)</b>	(133,176,461)	<b>(327,043,574)</b>	(232,298,602)
<b>Gross profit</b>		<b>155,931,554</b>	155,472,092	<b>298,620,545</b>	268,919,149
Other income		<b>4,028,000</b>	7,505,438	<b>19,003,897</b>	9,889,241
Administrative expenses		<b>(19,687,608)</b>	(17,645,126)	<b>(40,686,434)</b>	(34,645,840)
Selling and distribution cost		<b>(59,407,765)</b>	(56,460,551)	<b>(106,407,225)</b>	(103,402,168)
Finance cost		<b>(527,816)</b>	(2,475,642)	<b>(1,249,476)</b>	(2,715,340)
Other expenses		<b>(8,010,279)</b>	(8,602,827)	<b>(13,638,765)</b>	(12,557,196)
(Loss)/gain on remeasurement of short term investments to fair value		<b>(359,292)</b>	(14,946,019)	<b>2,626,312</b>	(17,060,651)
Share in profit of Farmacia - 98% owned partnership firm		<b>2,338,421</b>	3,307,319	<b>4,092,006</b>	6,194,522
<b>Profit before taxation</b>		<b>74,305,215</b>	<b>66,154,684</b>	<b>162,360,860</b>	<b>114,621,717</b>
<b>Provision for taxation</b>		<b>(20,718,483)</b>	<b>(17,162,380)</b>	<b>(45,088,047)</b>	<b>(29,456,720)</b>
<b>Profit after taxation</b>		<b>53,586,732</b>	<b>48,992,304</b>	<b>117,272,813</b>	<b>85,164,997</b>
Earnings per share - basic and diluted		<b>2.57</b>	2.35	<b>5.63</b>	4.09

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	<b>Three months ended December 31, 2009 (Rupees)</b>	<b>Three months ended December 31, 2008 (Rupees)</b>	<b>Six months ended December 31, 2009 (Rupees)</b>	<b>Six months ended December 31, 2008 (Rupees)</b>
<b>Profit after tax</b>	<b>53,586,732</b>	48,992,304	<b>117,272,813</b>	85,164,997
<b>Other comprehensive income</b>				
Transfer from surplus on revaluation of fixed assets recognized directly in equity	1,592,860	1,744,956	3,185,720	3,489,913
Income tax on other comprehensive income	(557,501)	(610,735)	(1,115,002)	(1,221,470)
Other comprehensive income for the period net of tax	1,035,359	1,134,221	2,070,718	2,268,443
<b>Total comprehensive income for the period</b>	<b>54,622,091</b>	50,126,525	<b>119,343,531</b>	87,433,440

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	<b>Six months ended December 31,2009 Un-Audited (Rupees)</b>	<b>Six months ended December 31,2008 Un-Audited (Rupees)</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	162,360,860	114,621,717
Adjustment for:		
Depreciation	24,853,775	20,816,813
Gain on disposal of property, plant and equipment	(1,290,664)	(1,508,181)
Finance cost	1,182,855	1,527,701
Dividends, capital gains and income from investments and deposits	(17,713,233)	(8,381,060)
(Gain)/loss on remeasurement of short term investments to fair value	(2,626,312)	17,060,651
Loss on fair value adjustment of interest rate swap	66,621	1,187,639
Share in profit of Farmacia-98% owned subsidiary firm	(4,092,006)	(6,194,522)
	<b>381,036</b>	<b>24,509,041</b>
	<b>162,741,896</b>	<b>139,130,758</b>
Working capital changes		
Increase in stocks and stores	(29,360,361)	(48,837,585)
Increase in trade debtors	(119,713,421)	(32,520,296)
Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	1,971,408	(42,095,210)
Increase in trade and other payables	51,160,810	36,483,257
	<b>(95,941,564)</b>	<b>(86,969,834)</b>
Cash generated from operations	<b>66,800,332</b>	<b>52,160,924</b>
Finance cost paid	(12,045,699)	(14,172,237)
Taxes paid	(31,167,062)	(40,096,387)
	<b>(43,212,761)</b>	<b>(54,268,624)</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>23,587,571</b>	<b>(2,107,700)</b>
<b>Cash flow from investing activities</b>		
Long term loan recovered	-	28,375,000
Purchase of property, plant and equipment	(33,194,073)	(104,719,232)
Purchase of short term investments	(5,108,593)	(55,347,050)
Sale proceeds from short term investments	35,674,730	161,268,330
Dividends, capital gains and income from investments and deposits	8,660,927	11,081,380
Sale proceeds of property, plant and equipment	2,002,301	3,998,168
<b>Net cash from investing activities</b>	<b>8,035,292</b>	<b>44,656,596</b>
<b>Cash flow from financing activities</b>		
Payment of finance lease liabilities	(473,809)	(1,746,967)
Short term borrowing	-	6,924,703
Repayment of long term financing	(28,375,000)	(28,375,000)
Dividend paid	(16,753,356)	(41,435,485)
<b>Net cash used in financing activities</b>	<b>(45,602,165)</b>	<b>(64,632,749)</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(13,979,302)</b>	<b>(22,083,853)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>22,283,007</b>	<b>35,807,461</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8,303,705</b>	<b>13,723,608</b>

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve unappropriated profit (Rupees)	Total (Rupees)
<b>Balance as at July 01, 2008</b>	<b>144,672,768</b>	<b>321,843</b>	<b>681,242,280</b>	<b>826,236,891</b>
<b>Total Comprehensive income for the period</b>				
Profit for the period after taxation	-	-	85,164,997	85,164,997
<b>Other Comprehensive income</b>				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	2,268,443	2,268,443
Total other comprehensive income for the period			2,268,443	2,268,443
Total comprehensive income for the period			87,433,440	87,433,440
<b>Distribution to owners</b>				
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)
<b>Balance as at December 31, 2008</b>	<b>173,607,322</b>	<b>321,843</b>	<b>696,339,336</b>	<b>870,268,501</b>
<b>Balance as at July 01, 2009</b>	<b>173,607,322</b>	<b>321,843</b>	<b>796,200,236</b>	<b>970,129,401</b>
<b>Total Comprehensive income for the period</b>				
Profit for the period after taxation	-	-	117,272,813	117,272,813
<b>Other Comprehensive income</b>				
Transfer from surplus on revaluation of fixed assets Net income recognized directly in equity	-	-	2,070,718	2,070,718
Total other comprehensive income for the period			2,070,718	2,070,718
Total comprehensive income for the period	-	-	119,343,531	119,343,531
<b>Distribution to owners</b>				
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)
<b>Balance as at December 31, 2009</b>	<b>208,328,786</b>	<b>321,843</b>	<b>863,461,571</b>	<b>1,072,112,200</b>

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

**1. STATUS AND OPERATIONS**

Ferozsons Laboratories Limited (“the Company”) was incorporated as a private limited company on 28th January 1954 and was converted into a public limited company on 8th September 1960. The Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The Company is primarily engaged in the manufacture and sale of pharmaceuticals products 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 half year ended December 31, 2008.

**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 six months period ended on December 31, 2009.

**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.

	December 31, 2009 (Rupees)	June 30, 2009 (Rupees)
<b>3. SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
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>
<b>Issued, subscribed and paid up capital</b>		
1,441,952 (June 30, 2009: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	<b>14,419,520</b>	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	<b>1,196,000</b>	1,196,000
19,271,327 (June 30, 2009: 15,799,180) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>192,713,266</b>	157,991,802
	<u><b>208,328,786</b></u>	<u>173,607,322</u>
<b>4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax</b>		
Surplus on revaluation of fixed assets as at 01 July	<b>275,722,172</b>	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period/year:		
- Net of deferred tax	<b>(2,070,718)</b>	(4,536,887)
- Related deferred tax liability	<b>(1,115,002)</b>	(2,442,939)
	<u><b>(3,185,720)</b></u>	<u>(6,979,826)</u>
Surplus on revaluation of fixed assets as at 31 December	<b>272,536,452</b>	275,722,172
Related deferred tax liability:		
- On Revaluation as at 01 July	<b>(28,247,646)</b>	(30,690,585)
- Transferred to profit and loss account Incremental depreciation charged during the period/year	<b>1,115,002</b>	2,442,939
	<u><b>(27,132,644)</b></u>	<u>(28,247,646)</u>
	<u><b>245,403,808</b></u>	<u>247,474,526</u>
<b>5. LONG TERM FINANCING - secured</b>		
Opening balance	<b>156,062,500</b>	212,812,500
Less: Repayments during the period/year	<b>(28,375,000)</b>	(56,750,000)
	<b>127,687,500</b>	156,062,500
Less: Current portion shown under current liabilities	<b>(56,750,000)</b>	(56,750,000)
	<u><b>70,937,500</b></u>	<u>99,312,500</u>

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".

	<b>December 31, 2009</b>	June 30, 2009
	<b>Note (Rupees)</b>	(Rupees)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening net book value	<b>735,614,952</b>	610,987,413
Add: Additions during the period/year	6.1 <b>33,194,073</b>	173,828,447
Less:		
Written down value of disposals	<b>(1,665,846)</b>	(4,176,415)
Transferred to B.F Biosciences Limited	<b>(23,401,241)</b>	-
Depreciation	<b>(24,853,774)</b>	(45,024,493)
	<b>(49,920,861)</b>	(49,200,908)
	<b>718,888,164</b>	735,614,952
<b>6.1 Additions during the period/year represents:</b>		
Freehold land	<b>1,000,000</b>	2,000,000
Building on freehold land	<b>1,056,702</b>	9,165,940
Plant and machinery	<b>525,425</b>	6,389,289
Office equipments	<b>1,389,540</b>	15,895,309
Furniture and fixtures	<b>30,640</b>	171,398
Computers	<b>770,323</b>	2,672,225
Vehicles-owned	<b>11,139,900</b>	44,283,400
Capital work in progress	<b>17,281,543</b>	93,250,886
	<b>33,194,073</b>	173,828,447
<b>7. LONG TERM INVESTMENTS</b>		
Investment in Farmacia - 98% owned subsidiary partnership firm	7.1 <b>66,865,150</b>	62,773,144
Investment in BF Biosciences Limited - 80% owned subsidiary	7.2 <b>151,999,960</b>	151,999,960
Available for sale-unquoted shares	<b>33,085</b>	33,085
	<b>218,898,195</b>	214,806,189
<b>7.1 Investment in Farmacia</b>		
Opening balance	<b>62,773,144</b>	51,392,911
Share in profit for the period/year	<b>4,092,006</b>	11,380,233
	<b>66,865,150</b>	62,773,144

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.101,243,171 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.3,722,518 and Rs. 311,744 as receivables from the subsidiaries, BF Biosciences Limited and Farmacia respectively, on account of expenses incurred on behalf of subsidiaries.

**10. OTHER FINANCIAL ASSETS**

Investment at fair value through profit or loss  
 - listed securities

	<b>December 31, 2009</b>	June 30, 2009
<b>Note</b>	<b>(Rupees)</b>	(Rupees)
10.1	<u><b>12,968,120</b></u>	<u>35,069,367</u>
	<u><b>12,968,120</b></u>	<u>35,069,367</u>

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

Number of shares		Name of Companies	December 31, 2009 (Rupees)		June 30, 2009 (Rupees)	
December 2009	June 2009		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	1,154,000	1,175,000	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	1,643,215	2,144,746	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each	-	-	727,943	862,000
290,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	2,436,000	4,135,400	2,852,317	2,436,000
-	20,000	Pakistan Oilfields Ltd. Ordinary shares of Rs. 10 each	-	-	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
35,000	-	National Bank of Pakistan Ordinary Shares of Rs.10 each	2,290,971	2,602,950	-	-
500,004	-	PICIC-IF Ordinary Shares of Rs.10 each	2,817,622	2,910,024	-	-
			<b>10,341,808</b>	<b>12,968,120</b>	40,320,712	35,069,367
		Unrealised gain/(loss) on account of remeasurement to fair value	<b>2,626,312</b>	-	(5,251,345)	
			<b>12,968,120</b>	<b>12,968,120</b>	35,069,367	35,069,367

**11. COST OF SALES**

Note	Three months ended	Three months ended	Six months ended	Six months ended
	December 31, 2009 (Rupees)	December 31, 2008 (Rupees)	December 31, 2009 (Rupees)	December 31, 2008 (Rupees)
Material consumed	182,487,260	99,788,581	301,025,835	195,161,972
Manufacturing expenses	29,288,534	23,181,198	54,601,599	46,483,591
Opening work in process	11,955,640	7,056,504	7,791,792	5,206,081
	<u>223,731,434</u>	<u>130,026,283</u>	<u>363,419,226</u>	<u>246,851,644</u>
Less: closing work in process	(12,829,495)	(11,849,920)	(12,829,495)	(11,849,920)
Cost of goods manufactured	<u>210,901,939</u>	<u>118,176,363</u>	<u>350,589,731</u>	<u>235,001,724</u>
Add: opening finished goods	107,853,600	104,763,804	123,514,890	87,060,584
	<u>318,755,539</u>	<u>222,940,167</u>	<u>474,104,621</u>	<u>322,062,308</u>
Less: closing finished goods	(147,061,047)	(89,763,706)	(147,061,047)	(89,763,706)
Cost of sales	<u>171,694,492</u>	<u>133,176,461</u>	<u>327,043,574</u>	<u>232,298,602</u>
<b>11.1 Material consumed</b>				
Opening stock	127,614,332	100,884,432	134,222,613	86,298,725
Add: purchases during the period	171,437,851	99,397,419	283,368,145	209,356,517
	<u>299,052,183</u>	<u>200,281,851</u>	<u>417,590,758</u>	<u>295,655,242</u>
Less: closing stock	(116,564,923)	(100,493,270)	(116,564,923)	(100,493,270)
	<u>182,487,260</u>	<u>99,788,581</u>	<u>301,025,835</u>	<u>195,161,972</u>

**12. TRANSACTIONS WITH RELATED PARTIES**

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

	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2009 (Rupees)
<b>Farmacina-98% owned subsidiary firm</b>		
Sale of medicines	17,414,629	20,861,414
Share of profit	4,092,006	6,194,522
<b>BF Biosciences Limited-80% owned subsidiary</b>		
Financial charges on long term loan	12,932,185	13,480,842
Amount of capital work in progress transferred by the Company	23,401,241	-
Stock of Biotech product sold to the subsidiary company	101,243,171	-
<b>Other related parties</b>		
Contribution to employee provident fund	2,563,948	1,608,007
Remuneration of directors and key management personnel	22,091,290	10,706,820



<b>13. CONTINGENCIES AND COMMITMENTS</b>	<b>December 31, 2009 (Rupees)</b>	<b>June 30, 2009 (Rupees)</b>
<b>Contingencies:</b>		
i Guarantees issued by banks on behalf of the Company	<b>455,640</b>	455,640
<b>Commitments:</b>		
ii Capital Expenditure	<b>20,184,761</b>	50,663,631
iii Letter of credits other than for capital expenditure	<b>76,145,092</b>	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 or the Company on **January 28, 2010**.

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO



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***Condensed Interim  
Consolidated Financial  
Information for the  
Quarter/Six Months  
Ended December 31, 2009***

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**FEROZSONS**  
LABORATORIES LIMITED

**CONDENSED INTERIM CONSOLIDATED BALANCE**

		December 31, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
<b>SHARE CAPITAL AND RESERVE</b>			
Share capital	3	208,328,786	173,607,322
Reserves			
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		830,885,779	795,036,930
		<u>1,039,536,408</u>	<u>968,966,095</u>
<b>MINORITY INTEREST</b>		<u>31,220,679</u>	<u>38,990,296</u>
<b>TOTAL EQUITY</b>		<u>1,070,757,087</u>	<u>1,007,956,391</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax</b>	4	245,403,808	247,474,526
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	5	127,000,000	174,062,500
Liabilities against assets subject to finance lease		296,581	475,003
Deferred liability for taxation		51,775,589	53,960,116
		<u>179,072,170</u>	<u>228,497,619</u>
Derivative liability - interest rate swap		327,849	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		242,064,788	166,505,160
Short term borrowings - secured		-	548,554
Accrued markup of long term financing		4,550,164	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		688,267	983,653
Provision for taxation - net		9,420,318	-
		<u>350,848,537</u>	<u>269,145,501</u>
		<u>1,846,409,451</u>	<u>1,753,074,037</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-

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

Rawalpindi  
 January 28, 2010

**SHEET AS AT DECEMBER 31, 2009**

	Note	December 31, 2009 Un-Audited (Rupees)	June 30, 2009 Audited (Rupees)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	6	1,294,231,715	1,273,098,467
Long term investment		33,085	33,085
Long term deposits		5,213,600	5,061,570
Derivative asset - interest rate swap		-	31,143
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,040,176	3,628,845
Stock in trade		347,033,241	280,924,884
Trade debts-considered good		114,254,743	57,955,059
Loans and advances-considered good		17,540,012	7,964,738
Deposits and prepayments		22,361,640	7,293,812
Interest accrued		-	996,428
Other receivables		4,498,348	1,768,991
Advance income tax - net		-	4,598,809
Other financial assets	7	12,968,120	63,974,446
Cash and bank balances		24,234,771	45,743,760
		<b>546,931,051</b>	474,849,772
		<b><u>1,846,409,451</u></b>	<b><u>1,753,074,037</u></b>

Director

Chairperson &amp; CEO

**CONDENSED INTERIM CONSOLIDATED  
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

		Three months ended December 31, 2009 (Rupees)	Three months ended December 31, 2008 (Rupees)	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2008 (Rupees)
	<b>Note</b>				
Net sales		392,845,916	317,580,992	738,598,811	557,643,843
Cost of sales	8	<u>(220,457,434)</u>	<u>(155,123,705)</u>	<u>(402,701,835)</u>	<u>(275,884,211)</u>
<b>Gross profit</b>		<b>172,388,482</b>	<b>162,457,287</b>	<b>335,896,976</b>	<b>281,759,632</b>
Other income		5,334,302	8,316,688	20,865,961	11,919,737
Administrative expenses		(21,340,218)	(18,164,871)	(47,776,978)	(35,700,038)
Selling and distribution cost		(85,242,905)	(58,873,632)	(151,120,504)	(108,019,415)
Finance cost		(12,107,271)	(2,499,837)	(22,268,207)	(2,765,127)
Other expenses		(7,676,555)	(10,717,459)	(13,638,744)	(12,557,196)
(Loss)/Gain of fair value measurement of short term investment		<u>(359,292)</u>	<u>(14,946,019)</u>	<u>2,626,312</u>	<u>(17,060,651)</u>
<b>Profit before taxation</b>		<b>50,996,543</b>	<b>65,572,157</b>	<b>124,584,816</b>	<b>117,576,942</b>
Provision for taxation		<u>(21,384,768)</u>	<u>(18,401,384)</u>	<u>(46,494,105)</u>	<u>(32,114,866)</u>
<b>Profit after taxation</b>		<b>29,611,775</b>	<b>47,170,773</b>	<b>78,090,711</b>	<b>85,462,076</b>
<b>Attributable to:</b>					
Shareholders of the parent company		34,378,994	47,120,469	85,860,327	85,347,356
Minority interest		<u>(4,767,219)</u>	50,304	<u>(7,769,616)</u>	114,720
		<u>29,611,775</u>	<u>47,170,773</u>	<u>78,090,711</u>	<u>85,462,076</u>

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

Rawalpindi  
 January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	Three months ended December 31, 2009 (Rupees)	Three months ended December 31, 2008 (Rupees)	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2008 (Rupees)
<b>Profit after tax</b>	29,611,775	47,170,773	78,090,711	85,462,076
<b>Other comprehensive income</b>				
Transfer from surplus on revaluation of fixed assets recognized directly in equity	1,592,860	1,744,956	3,185,720	3,489,913
Income tax on other comprehensive income	(557,501)	(610,735)	(1,115,002)	(1,221,470)
Other comprehensive income for the period net of tax	1,035,359	1,134,221	2,070,718	2,268,443
<b>Total comprehensive income for the period</b>	<u>30,647,134</u>	<u>48,304,994</u>	<u>80,161,429</u>	<u>87,730,519</u>

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	<b>Six months ended December 31,2009 Un-Audited (Rupees)</b>	<b>Six months ended December 31,2008 Un-Audited (Rupees)</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	124,584,816	117,576,942
Adjustments for:		
Depreciation	54,346,219	21,009,234
Gain on disposal of property, plant and equipment	(1,289,745)	(1,508,181)
Finance cost	21,510,143	1,577,488
Dividends, capital gains and income from investments and deposits	(19,576,216)	(10,411,556)
(Gain)/loss on remeasurement of short term investments	(2,626,312)	17,060,651
Loss on fair value adjustment of interest rate swap	758,064	1,187,639
	<u>53,122,153</u>	<u>28,915,275</u>
	177,706,969	146,492,217
Working capital changes		
Increase in stocks and stores	(66,519,688)	(50,164,300)
Increase in trade debtors	(56,299,684)	(34,646,612)
Increase in loans, advances, deposits, prepayments and other receivables	(3,137,897)	(29,795,881)
Increase in trade and other payables	74,938,579	44,157,789
	<u>(51,018,690)</u>	<u>(70,449,004)</u>
Cash generated from operations	126,688,279	76,043,213
Finance cost paid	(24,359,655)	(15,499,547)
Taxes paid	(34,659,506)	(44,175,288)
	<u>(59,019,161)</u>	<u>(59,674,835)</u>
<b>Net cash from operating activities</b>	67,669,118	16,368,378
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(100,560,471)	(156,172,138)
Purchase of short term investments	(5,108,593)	(133,050,922)
Sale proceeds from short term investments	65,812,950	187,125,453
Dividends, capital gains and income from investments and deposits	13,500,925	26,842,380
Sale proceeds of property, plant and equipment	2,015,301	3,998,168
<b>Net cash used in investing activities</b>	(24,339,888)	(71,257,059)
<b>Cash flows from financing activities</b>		
Payment of finance lease liabilities	(473,809)	(1,746,967)
(Payment of)/Proceeds from short term financing	(548,554)	5,508,404
Proceeds from long term financing	-	69,238,650
Repayment of long term financing	(47,062,500)	(28,375,000)
Proceeds from minority share capital contribution	-	10,000,000
Dividend paid	(16,753,356)	(41,435,485)
<b>Net cash (used in)/from financing activities</b>	(64,838,219)	13,189,602
<b>Net decrease in cash and cash equivalents during the period</b>	(21,508,989)	(41,699,079)
<b>Cash and cash equivalents at beginning of the period</b>	45,743,760	71,042,595
<b>Cash and cash equivalents at end of the period</b>	<u>24,234,771</u>	<u>29,343,516</u>

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve Unappropriated profit (Rupees)	Total (Rupees)	Minority Interest (Rupees)	Total (Rupees)
<b>Balance as at June 30, 2008</b>	144,672,768	321,843	680,223,326	825,217,937	28,794,135	854,012,072
<b>Total Comprehensive income for the period</b>						
Profit for the period after taxation	-	-	85,347,356	85,347,356	114,720	85,462,076
<b>Other Comprehensive income</b>						
Transfer from surplus on revaluation of fixed assets						
Net income recognized directly in equity	-	-	2,268,443	2,268,443	-	2,268,443
Total other comprehensive income for the period			2,268,443	2,268,443	-	2,268,443
Total comprehensive income for the period			87,615,799	87,615,799	114,720	87,730,519
<b>Distribution to owners</b>						
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	-	-	(43,401,830)	(43,401,830)	-	(43,401,830)
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)
<b>Balance as at December 31, 2008</b>	<b>173,607,322</b>	<b>321,843</b>	<b>695,502,741</b>	<b>869,431,906</b>	<b>38,908,855</b>	<b>908,340,761</b>
<b>Balance as at June 30, 2009</b>	173,607,322	321,843	795,036,930	968,966,095	38,990,296	1,007,956,391
<b>Total Comprehensive income for the period</b>						
Profit for the period after taxation	-	-	85,860,327	85,860,327	(7,769,617)	78,090,710
<b>Other Comprehensive income</b>						
Transfer from surplus on revaluation of fixed assets						
Net income recognized directly in equity	-	-	2,070,718	2,070,718	-	2,070,718
Total other comprehensive income for the period			2,070,718	2,070,718	-	2,070,718
Total comprehensive income for the period			87,931,045	87,931,045	(7,769,617)	80,161,428
<b>Distribution to owners</b>						
Final dividend for the year ended June 30, 2009	-	-	(17,360,732)	(17,360,732)	-	(17,360,732)
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)
<b>Balance as at December 31, 2009</b>	<b>208,328,786</b>	<b>321,843</b>	<b>830,885,779</b>	<b>1,039,536,408</b>	<b>31,220,679</b>	<b>1,070,757,087</b>

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

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2009**

**1. THE COMPANY AND ITS OPERATIONS**

Ferozsons Laboratories Limited (“the Parent Company”) was incorporated as a private limited company on 28th January 1954 and was converted into a public limited company on 8th September 1960. The Parent Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The Parent Company is primarily engaged in the manufacture and sale of pharmaceuticals products and its registered office is situated at 197-A, The Mall, Rawalpindi. The Parent Company is domiciled in Rawalpindi, Pakistan.

The Parent Company has 98% holding in Farmacia. Farmacia is a partnership duly registered under Partnership Act, 1932. Farmacia is engaged in the retail trading of pharmaceutical products.

BF Biosciences Limited is an 80% owned subsidiary of the Parent Company and was incorporated as an unquoted public limited company under the Companies Ordinance, 1984 on 24 February 2006. BF Biosciences Limited has been set up for establishing a biotech pharmaceutical plant to manufacture cancer and hepatitis related medicines.

These consolidated financial statements include the financial statements of Ferozsons Laboratories Limited and its subsidiaries – Farmacia and BF Biosciences Limited (“hereinafter referred as the Group”).

**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 consolidated 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 Group 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 consolidated financial statements for the half year ended December 31, 2008.

**2.2** Except as described below, the accounting policies and estimates adopted for the preparation of these condensed interim consolidated 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 Group applies revised IAS 1 “Presentation of Financial Statements”, which became effective as of January 01, 2009. As a result, the Group 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 consolidated financial statements as of and for the six months period ended on December 31, 2009.

**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.

	<b>December 31, 2009 (Rupees)</b>	<b>June 30, 2009 (Rupees)</b>
<b>3. SHARE CAPITAL</b>		
Authorized share capital	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital	<u>208,328,786</u>	<u>173,607,322</u>
<b>4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax</b>		
Surplus on revaluation of fixed assets as at 01 July.	<b>275,722,172</b>	282,701,998
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	<u>(2,070,718)</u>	<u>(4,536,887)</u>
- Related deferred tax liability	<u>(1,115,002)</u>	<u>(2,442,939)</u>
	<b>(3,185,720)</b>	<b>(6,979,826)</b>
Surplus on revaluation of fixed assets as at 31 December	<u>272,536,452</u>	<u>275,722,172</u>
Related deferred tax liability:		
- On Revaluation as at 01 July	<u>(28,247,646)</u>	<u>(30,690,585)</u>
- Transferred to profit and loss account Incremental depreciation charged during the year	<u>1,115,002</u>	<u>2,442,939</u>
	<b>(27,132,644)</b>	<b>(28,247,646)</b>
	<u>245,403,808</u>	<u>247,474,526</u>
<b>5. LONG TERM FINANCING - secured</b>		
Opening balance	<b>268,187,500</b>	274,386,350
Add. Disbursements during the period/year	-	87,926,150
	<u>268,187,500</u>	<u>362,312,500</u>
Less: Repayments during the period/year	<u>(47,062,500)</u>	<u>(94,125,000)</u>
	<b>221,125,000</b>	268,187,500
Less: Current portion shown under current liabilities	<u>(94,125,000)</u>	<u>(94,125,000)</u>
	<u>127,000,000</u>	<u>174,062,500</u>

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.

	December 31, 2009 (Rupees)	June 30, 2009 (Rupees)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening net book value	1,273,098,467	1,171,745,515
Add:		
Additions during the period/year	6.1 100,560,471	275,959,826
Less:		
Written down value of disposals	(25,081,006)	(11,841,590)
Depreciation	(54,346,217)	(162,765,284)
	(79,427,223)	(174,606,874)
	<u>1,294,231,715</u>	<u>1,273,098,467</u>
<b>6.1 Additions during the period/year represents:</b>		
Freehold land	1,000,000	2,000,000
Building on freehold land	47,846,664	9,165,940
Plant and machinery	19,649,766	6,389,289
Office equipments	1,436,040	15,984,697
Furniture and fixtures	48,640	173,760
Computers	1,085,751	2,685,725
Vehicles-owned	14,419,900	44,283,400
Capital work in progress	15,073,710	195,277,015
	<u>100,560,471</u>	<u>275,959,826</u>
<b>7. SHORT TERM INVESTMENTS</b>		
Held to maturity investments - local currency	-	28,905,079
Investments at fair value through profit and loss - listed securities	7.1 12,968,120	35,069,367
	<u>12,968,120</u>	<u>63,974,446</u>

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

Number of shares		Name of Companies	December 31, 2009 (Rupees)		June 30, 2009 (Rupees)	
December 2009	June 2009		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	1,154,000	1,175,000	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	1,643,215	2,144,746	1,643,869	1,643,215
-	50,000	Pakistan Telecommunication Co.Ltd. Ordinary shares of Rs. 10 each	-	-	727,943	862,000
290,000	290,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	2,436,000	4,135,400	2,852,317	2,436,000
-	20,000	Pakistan Oilfields.Ltd. Ordinary shares of Rs. 10 each	-	-	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
35,000	-	National Bank of Pakistan Ordinary Shares of Rs.10 each	2,290,971	2,602,950	-	-
500,004	-	PICIC-IF Ordinary Shares of Rs.10 each	2,817,622	2,910,024	-	-
			<b>10,341,808</b>	<b>12,968,120</b>	40,320,712	35,069,367
		Unrealised Gain / (loss) on account of remeasurement to fair value	<b>2,626,312</b>	-	(5,251,345)	-
			<b>12,968,120</b>	<b>12,968,120</b>	35,069,367	35,069,367

**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**

	Note	Three months ended December 31, 2009 (Rupees)	Three months ended December 31, 2008 (Rupees)	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2008 (Rupees)
Material consumed	8.1	221,129,227	121,735,825	365,401,044	238,747,581
Manufacturing expenses		53,217,381	23,181,198	100,547,507	46,483,591
Opening work in process		11,955,640	7,056,504	7,791,792	5,206,081
		<u>286,302,248</u>	<u>151,973,527</u>	<u>473,740,343</u>	<u>290,437,253</u>
Less: closing work in process		(12,829,495)	(11,849,920)	(12,829,495)	(11,849,920)
Cost of goods manufactured		<u>273,472,753</u>	<u>140,123,607</u>	<u>460,910,848</u>	<u>278,587,333</u>
Add: opening finished goods		136,645,119	104,763,804	131,451,425	87,060,584
		<u>410,117,872</u>	<u>244,887,411</u>	<u>592,362,273</u>	<u>365,647,917</u>
Less: closing finished goods		(189,660,438)	(89,763,706)	(189,660,438)	(89,763,706)
Cost of sales		<u>220,457,434</u>	<u>155,123,705</u>	<u>402,701,835</u>	<u>275,884,211</u>
<b>8.1 Material consumed</b>					
Opening stock		127,614,332	114,399,366	134,222,613	97,207,390
Add: purchases during the period		210,079,818	120,065,109	347,743,354	254,268,841
		<u>337,694,150</u>	<u>234,464,475</u>	<u>481,965,967</u>	<u>351,476,231</u>
Less: closing stock		(116,564,923)	(112,728,650)	(116,564,923)	(112,728,650)
		<u>221,129,227</u>	<u>121,735,825</u>	<u>365,401,044</u>	<u>238,747,581</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:

	Six months ended December 31, 2009 (Rupees)	Six months ended December 31, 2008 (Rupees)
<b>Other related parties</b>		
Contribution to employee provident fund	2,563,948	1,608,007
<b>Key management personal</b>		
Managerial remuneration	22,091,290	10,706,820

	<b>December 31,2009</b>	June 30,2009
	<b>(Rupees)</b>	(Rupees)
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies:</b>		
i Guarantees issued by banks on behalf of the company	<b>8,755,640</b>	13,755,640
<b>Commitments:</b>		
ii Capital Expenditure	<b>36,484,133</b>	46,703,730
iii Letter of credits other than for capital expenditure	<b>76,145,092</b>	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 or the company on **January 28, 2010**.

Rawalpindi  
January 28, 2010

Director

Chairperson & CEO

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