



FEROZSONS
LABORATORIES LIMITED

70th ANNUAL REPORT
2026



70
YEARS
OF TRUST

A LIFETIME OF CARE

In Memoriam



Mrs. Akhter Khalid Waheed

1st June 2026

Ferozsons Laboratories Limited and BF Biosciences Limited mourn the passing of Mrs. Akhter Khalid Waheed, Chairperson of Ferozsons Laboratories and founding Chief Executive Officer of BF Biosciences.

A devoted mother of seven and an exemplary leader, Mrs. Waheed assumed leadership of Ferozsons following the untimely passing of her husband in March 1992. Through resilience, vision and the steadfast support of her colleagues, she restored the Company to financial strength. During her tenure, Ferozsons received the KSE Top 25 Companies Award six times.

In 2006, she founded BF Biosciences Limited, Pakistan's first biotechnology company, helping advance access to treatments for hepatitis, diabetes and cancer. Throughout her career, she championed the principle of Putting Patients First and worked to make life-saving medicines more accessible and affordable.

Her family, colleagues and the wider Ferozsons community remain committed to carrying forward her legacy of integrity, compassion and perseverance.



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CORPORATE INFORMATION

BOARD OF DIRECTORS*

Mrs. Amna Piracha Khan
Mr. Osman Khalid Waheed
Mr. Arshad Saeed Husain
Mrs. Munize Azhar Peracha
Mr. Shahid Anwar
Mr. Suleman Ghani
Dr. Parvez Kamal Khan

Non-Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director

Chairperson
Chief Executive Officer

AUDIT COMMITTEE

Mr. Suleman Ghani
Mrs. Amna Piracha Khan
Mr. Shahid Anwar
Mr. Arshad Saeed Husain

Chairman
Member
Member
Member

INVESTMENT COMMITTEE

Mr. Suleman Ghani
Mr. Osman Khalid Waheed
Mr. Shahid Anwar

Chairman
Member
Member

HR & REMUNERATION COMMITTEE

Dr. Parvez Kamal Khan
Mr. Osman Khalid Waheed
Mrs. Munize Azhar Peracha
Mr. Shahid Anwar

Chairman
Member
Member
Member

*At the election of directors held on 03 July 2026, all six retiring directors were re-elected, and Dr. Parvez Kamal Khan was elected to the seat vacated by the late Mrs. Akhter Khalid Waheed (Chairperson/Non-Executive Director), who passed away on 01 June 2026. Consequently, the Board Committees have also been reconstituted.

COMPANY SECRETARY

Syed Ghausuddin Saif

LEGAL ADVISORS

Khan & Piracha

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Mr. Shahid Tofique

SHARE REGISTRAR

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HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

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EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

FACTORY

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INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

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BANKERS

Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank of Punjab - Taqwa
BankIslami Pakistan Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited

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70 YEARS OF TRUST

A LIFETIME OF CARE

Established in 1956, Ferozsons began a journey driven by purpose and a commitment to advancing healthcare. Seven decades later, we continue to build on this legacy through innovation, trust, & an unwavering dedication to **Putting Patients First.**

Message from the CEO

In 2026, Ferozsons Laboratories Limited marks 70 years of commercial operations, a journey that began in 1956 and has been built on the trust of patients, healthcare professionals and communities. This milestone reinforces our responsibility to continue responding to Pakistan's evolving healthcare needs.

The country's disease burden has shifted significantly. While infectious diseases remain a challenge, noncommunicable diseases are rising sharply. Pakistan now has the highest prevalence of Diabetes in the World. Cardiovascular disease caused approximately 347,000 deaths in 2024, with hypertension, obesity and delayed diagnosis further increasing risk. We remain the global capital of viral hepatitis — with more people living with the disease in Pakistan than any other country in the world. These conditions cannot be addressed in isolation. Diabetes, obesity, hypertension, cardiovascular disease, kidney complications and liver disease are closely interconnected, forming a continuum that requires earlier identification, appropriate and accessible treatment, and coordinated care.

Guided by our commitment to Putting Patients First, Ferozsons and BF Biosciences are strengthening our portfolios focused on acute and chronic care, with increasing emphasis on cardiometabolic health. Our 3D (Drugs, Diagnostic & Devices) approach integrates pharmaceuticals, biologics, diagnostics and medical technologies to support patients across their lifespan.

Strategic partnerships remain central to our impact. Our collaboration with Gilead Sciences supports our response to viral hepatitis and HIV, while our partnership with Boston Scientific enhances cardiovascular care through advanced medical technologies. These alliances combine global innovation with local manufacturing and healthcare access.

Beyond products, we continue to invest in scientific exchange, healthcare professional education, awareness, early detection and patient support, alongside social initiatives that address barriers to access and affordability.

As we mark this milestone, we thank our employees, partners and shareholders for their continued commitment. Seventy years reflects not just longevity, but a responsibility to our mission of Putting Patients First.

Osman Khalid Waheed
Chief Executive Officer

Ferozsons at a Glance | Care, Capability and Reach

Incorporated in 1954, Ferozsons Laboratories Limited commenced operations in 1956 with a purpose rooted in health and service. Across the decades, the Company has expanded from an early local pharmaceutical manufacturer into a healthcare group with capabilities in established medicines, biologics, specialised injectables, medical technologies and scientific partnerships.

This progress has been shaped by a simple responsibility: to understand changing health needs and respond with quality, care and integrity. From our manufacturing facility in Nowshera, the Company produces oral solids, liquids and topical dosage forms that support care across a range of acute and chronic conditions. Through our subsidiary, BF Biosciences Limited in Lahore, the Group's local capabilities extend into biologics and specialised injectables, including vials, ampoules, cartridges and pre-filled syringes.

Principal Activities

Incorporated in 1954, Ferozsons Laboratories Limited is one of Pakistan's first pharmaceutical companies. The Company is in the seventh decade of serving the nation with breakthrough pharmaceuticals and medical technologies.

Code of Business Conduct

We conduct our business in an ethical manner, consistent with the vision, mission, and excellence framework of the Company. The Ferozsons Laboratories Limited Code of Business Conduct is meant to serve as a guide for our strategies, plans, actions, and behaviors in our areas of operation.

The complete code of business conduct can be found on the corporate website.

Ferozsons brings together seven decades of pharmaceutical experience, local manufacturing and strategic partnerships to respond to important healthcare needs.



A photograph of a man and a young girl in a park at sunset. The man, wearing a light blue shirt and dark pants, stands on the right, holding the girl's hand. The girl, wearing a white dress, is on the left, reaching up towards the man. They are standing on a grassy field with trees in the background. The sky is a warm orange color, and the scene is backlit by the setting sun.

Vision, Mission & Values | Principles Behind Our Work

Putting Patients First is the lens through which Ferozsons considers quality, access, partnership, performance and the impact of its decisions.

Our Vision

We will strive to attain market leadership by putting patients first and seeing every day as a new opportunity to earn trust and credibility.

Our Mission

We aim to improve the quality of life by providing innovative healthcare solutions, ensuring patient access to quality treatment and cure. In doing so, we will:

- Enhance shareholder value
- Lead in employee development
- Collaborate for excellence
- Be ethical & transparent



Our Values

PUTTING PATIENTS FIRST

Our purpose for existence and ultimate measure of success is our impact on the improvement of human lives.

TRUSTWORTHINESS

We work hard every day to earn the trust of patients, healthcare providers, employees, business partners and other stakeholders.

COLLABORATION

None of us is as smart as all of us. We come together, work together and win together.

EXCELLENCE

We are committed to a culture of excellence and raising the bar every time.

Seven Decades in the Service of Care

1894 - 1956

1894



Maulvi Ferozuddin Khan founded Ferozsons Publishing House in Lahore, dedicated to spreading knowledge and education — laying the foundation for a legacy that would later extend into healthcare.

1954



Ferozsons Laboratories Limited was incorporated, extending the Ferozsons legacy from education into pharmaceuticals. This milestone laid the foundation for decades of innovation, quality manufacturing, and improved patient care across Pakistan.

1956



With the establishment of its first manufacturing facility in Nowshera, Ferozsons Laboratories began pharmaceutical operations, marking its place among Pakistan's earliest indigenous pharmaceutical manufacturers in the post-independence era.

1960-1969

1960



Ferozsons Laboratories became Pakistan's first publicly listed pharmaceutical company with an authorized capital of Rs.10 million, reinforcing its commitment to sustainable growth & corporate governance. The Company is a multiple time recipient of top 25 companies award.

1961



Export of pharmaceutical and chemical products commenced to international markets including Australia, Hong Kong, Jordan, Singapore, Turkey, the United Kingdom, and many other countries.

1964-1969



Ferozsons became a preferred supplier to foreign missions and international organizations including the UN, Government of the USA & British Crown Agents. It further strengthened its global presence by establishing collaborations with leading pharmaceutical organizations, e.g. Chemie Grünenthal GmbH (Germany), The Boots Pure Drug Company (United Kingdom), and Lakeside Laboratories Inc. (Colgate-Palmolive) of the United States reflecting global confidence in its quality standards.

2000-2009

2002



Ferozsons entered into strategic partnerships with Curatis Pharma GmbH (Germany) & Bagó Group S.A. (Argentina) to import, repackage, & market biotechnology-based therapies for oncology & liver disease, marking its entry into speciality healthcare.

2006



Ferozsons & Bagó Group entered into a JV to establish BF Biosciences, marking the creation of Pakistan's first bio-pharmaceutical company & laying the foundation for locally produced life-saving medication for all.

2008



Ferozsons acquired exclusive distribution rights for Boston Scientific's interventional medical devices in Pakistan, expanding into advanced medical technologies for cardiology, GI endoscopy, oncology, peripheral vascular disease, urology, & women's health.

2009



The 1st USFDA- standards compliant pharmaceutical facility, BF Biosciences, was completed in 2009 & began manufacturing of biological medicines to treat Cancer & Hepatitis for local & export markets.

2010-2020

2012



Ferozsons Laboratories entered into a partnership with BioGaia to introduce the world's leading premium Swedish scientifically proven probiotic solutions, strengthening maternal, infant, and pediatric healthcare.

2014



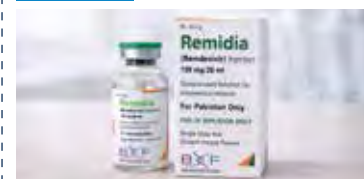
Ferozsons entered into a partnership with Gilead Sciences Inc. to introduce Sovaldi, a breakthrough treatment for Hepatitis C. Pakistan became the first country to implement the access program, easing the experience of thousands of patients.

2019



Through an alliance, Ferozsons introduced Butterfly's USFDA approved portable ultrasound solutions in Pakistan, making innovative diagnostics more accessible in the country.

2020



Through a licensing agreement with Gilead Sciences, Ferozsons Laboratories began manufacturing Remedia (Remdesivir), supporting Pakistan's COVID-19 response and expanding access to treatment for 100,000+ patients locally and internationally.

Rooted in Pakistan, strengthened by science and partnerships, focused on patient needs – Our story reflects the evolution of healthcare in Pakistan: from the need for local production of generic medicines to today's demand for specialised therapies, biologics and integrated care.

2021-2023

2024

2025

2026

2022



Alliance with Nihon Kohden strengthened Ferozsons' medical technology portfolio, improving access to advanced patient monitoring and diagnostic solutions.

2023



Ferozsons Laboratories Limited inaugurated a groundbreaking 1 MW Solar Power Project at its Lahore facility. The successful implementation of this project highlighted the firm's resolute dedication to sustainable energy production and conscientious environmental custodianship.

2023



Ferozsons Laboratories launched WILL-MED (Women in Leadership League in Medicine) and FIRE (Ferozsons Initiative for Research Excellence) to strengthen healthcare leadership and research—empowering women in medicine while building healthcare professionals' capacity for clinical and population-based research across Pakistan.

2023



SAP S/4 HANA and SAP SuccessFactors were successfully implemented across our esteemed entities. This achievement stands as a testament to our commitment to technological advancement and operational excellence.

2024



The launch of Ferulin (Human Insulin) and Pakistan's first locally manufactured semaglutide, Sematide, marked key milestones in Ferozsons' journey, combining local manufacturing excellence with quality and innovation to advance metabolic health care across Pakistan.

2024



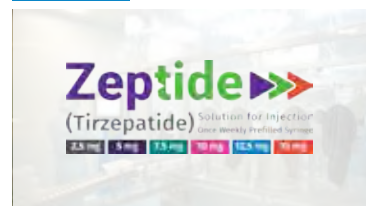
BF Biosciences marked a new chapter of growth with its successful IPO and listing on the Pakistan Stock Exchange, alongside the completion of its brownfield expansion, strengthening manufacturing capabilities and advancing its vision for biopharmaceutical innovation.

2024



Strengthening its longstanding partnership with Gilead Sciences, Ferozsons Laboratories became one of only six global partners selected to manufacture high-quality generic lenacapavir, advancing access to innovative HIV prevention solutions in high-burden countries.

2025



The introduction of Zeptide (Tirzepatide) in complete range represented a landmark achievement in metabolic healthcare, expanding access to advanced therapies for obesity and diabetes management across Pakistan.

2025



The Nowshera Plant embraced renewable energy with the commissioning of a 1 MW Solar Power Project, marking a significant milestone in Ferozsons Laboratories' commitment to sustainable operations and responsible environmental stewardship.

2026



In a first-of-its-kind initiative, Ferozsons Laboratories and BF Biosciences organised the SlimPossible Marathon across Lahore and Karachi, highlighting the vital role of fitness, lifestyle choices, and medical support in the journey towards better metabolic health.

2026



A new era of technology-enabled diabetes care began as BF Biosciences introduced SIBIONICS CGM to Pakistan, expanding access to continuous glucose monitoring technology trusted across 110+ countries worldwide.

Behind every medicine is a sequence of carefully controlled steps. Across Nowshera and Lahore, our manufacturing network brings together established dosage forms & specialised injectable capability.



cGMP Compliant Facility — State-of-the-art formulation facility compliant with national & international regulatory standards



Expert Multidisciplinary Workforce—
Comprising pharmacists, chemists,
microbiologists, and engineers.

Global Quality Frameworks — Operations
aligned with ISO, ICH, WHO, and PIC/S
standards



Country's first pharmaceutical facility
designed in line with EU and US FDA
standards by leading European
Pharmaceutical Designers "Telstar
Projects"

At Nowshera, Ferozsons Laboratories manufactures tablets, capsules, syrups, suspensions, creams and ointments. At BF Biosciences in Lahore, biological and non-biological injectables are manufactured in vials, ampoules, cartridges and pre-filled syringes. Each site operates within its own legal, quality and regulatory boundary, while contributing a distinct strength to the wider Group.

Together, the two sites support a broader portfolio, greater localisation and a stronger ability to plan for continuity of supply. Their contribution is best understood not only through installed capability, but through the quality, reliability and disciplined improvement of daily operations.

Tablets
Capsules
Syrups
Suspensions
Creams
Ointments
Vials
Ampoules
Pre-Filled Syringes
Cartridges

BF Biosciences adds capacity in specialty therapeutics to a Group built around improving access to care



Our Medicine Portfolio | Care Across the Spectrum

The Company continues to serve patient needs in gastroenterology and hepatology, anti-infectives, dermatology and other areas. At the same time, we are placing greater efforts towards conditions that require sustained care, including diabetes, obesity and wider cardiometabolic diseases. Our key launches during the year included the following.



A Portfolio Shaped by Health Needs — Our portfolio evolves where health need, scientific relevance and the ability to deliver responsibly come together.



Bronochol Ivy

An ivy-leaf syrup containing Hedera helix. Positioned within respiratory care, the formulation supports expectoration and provides symptomatic relief from productive cough.

Omega-D

A fixed-dose capsule combining modified-release diclofenac with omeprazole. It supports anti-inflammatory pain management while providing acid suppression for patients who require both therapeutic components.



Lamify

A topical terbinafine antifungal for common superficial fungal skin infections, including athlete's foot, ringworm and jock itch. It further broadens our dermatology offering.

Foresta

A nutritional formulation combining biotin, cystine, panicom milliaceum and pantothenic acid. It provides targeted nutritional support for hair health and complements our expanding dermatology portfolio.



Clasco

A topical clascoterone cream for acne management. Its locally acting androgen-receptor mechanism introduces a differentiated, non-antibiotic treatment option within our dermatology portfolio.



Cutison

A topical fluticasone corticosteroid cream for inflammatory skin conditions. It helps reduce inflammation and associated symptoms such as itching and redness in steroid-responsive dermatoses.



Zeptide

Launched by BF Biosciences, a tirzepatide therapy presented in a pre-filled syringe for diabetes and obesity care. Its dual GIP and GLP-1 receptor activity strengthens our response to Pakistan's growing metabolic-health needs.

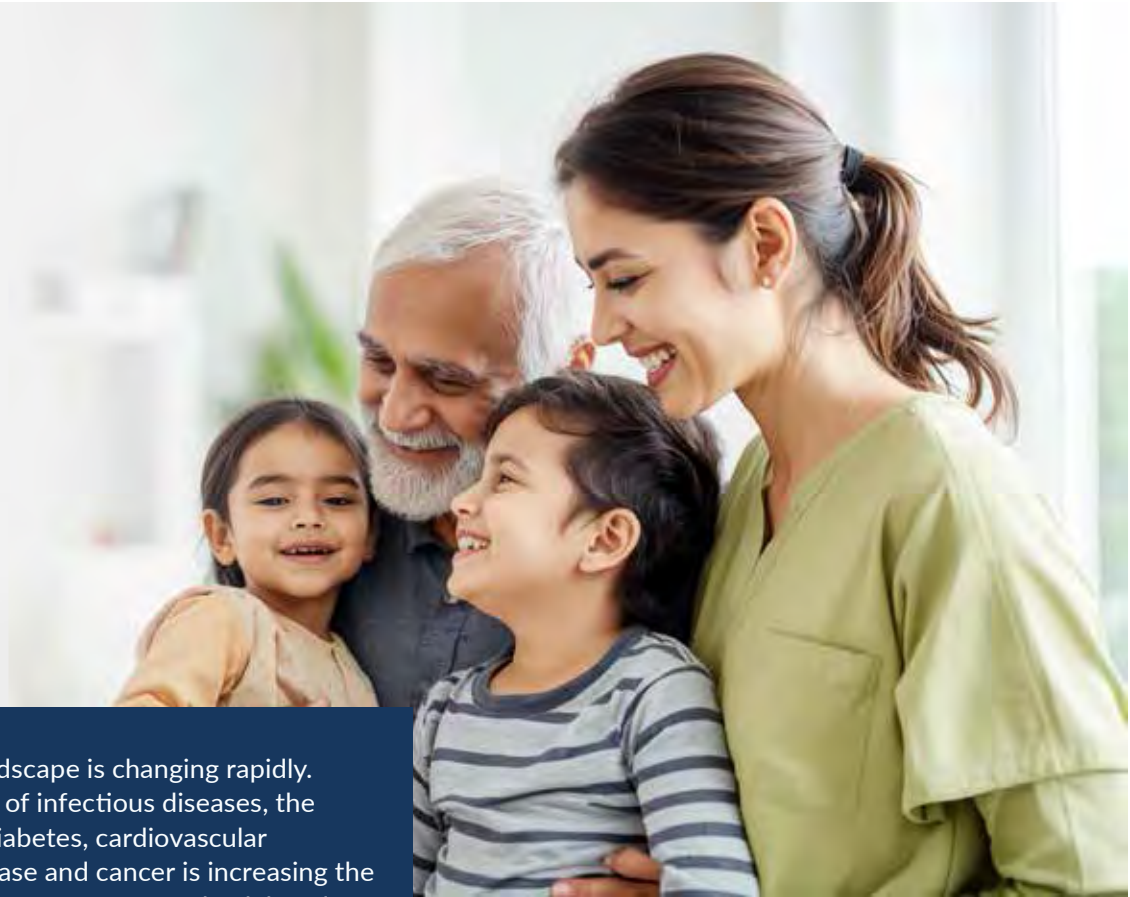


Cleogel

A topical clindamycin gel for acne management. As a locally applied antibiotic, it helps address the bacterial activity and inflammation associated with acne.



Patient Access by Therapeutic Area | Care in Numbers



Pakistan's health landscape is changing rapidly. Alongside the threat of infectious diseases, the growing burden of diabetes, cardiovascular conditions, liver disease and cancer is increasing the need for chronic care. For many people, delayed diagnosis, affordability constraints and limited access widen the gap between the care they need and the care they can get.

Ferozsons is working to narrow this gap by expanding access to quality therapies, diagnostics and health technologies in areas of significant unmet need.

7.8M

**Our Patient Impact Grew By
7.8 Million In The Last 2 Years**

Purpose at Scale

Health Impact Report: 27 Million Patients Treated



GI & Liver
6,988,052
Patients Reached



Urology & Nephrology
229,529
Patients Reached



Orthopedic
287,505
Patients Reached



Dermatology
2,976,559
Patients Reached



Cough
1,782,159
Patients Reached



Oncology
76,844
Patients Reached



Cardiometabolic
1,698,753
Patients Reached



Diabetes
218,874
Patients Reached



Anti-Obesity
69,394
Patients Reached



Antibiotics
6,597,514
Patients Reached



Anti Fungal
4,172,069
Patients Reached



Anti Viral
1,941,579
Patients Reached

Scientific Exchange | Translating Evidence into Practice

During the year, Ferozsons Laboratories Limited and BF Biosciences Limited continued to build on their established strengths through scientific engagement in cardiovascular, liver and metabolic health. These platforms brought together clinicians, healthcare professionals and medical societies to review evolving evidence, encourage multidisciplinary dialogue and support its translation into clinical practice.



12th Liver Summit 2026, Bhurban

Organised in collaboration with Gilead Sciences, the 12th Liver Summit extended a scientific exchange platform convened by Ferozsons since 2011. Themed Collaboration in Advancing Liver and Metabolic Health, the Summit brought together hepatologists, gastroenterologists, endocrinologists and other specialists to examine more integrated approaches to liver care.

Sessions included evidence-based updates in hepatitis management, emerging understanding of liver-metabolic interconnections, interactive panel discussions and an AASLD Debrief presenting perspectives from the latest meeting of the American Association for the Study of Liver Diseases. The programme supported the interpretation of global scientific developments within the local healthcare context.





3D Heart Summit 2026, Baku

The 3D Heart Summit 2026, held in Baku, continued an annual scientific platform established in 2022. Under the theme, Dilemma of the Cardiovascular Continuum, cardiologists and other healthcare professionals explored the spectrum of cardiovascular care – from foundational learning in heart failure to acute coronary syndrome and multidisciplinary disease management. Discussions focused on strengthening clinical capacity and applying evidence-based approaches across the cardiovascular continuum.



MAGIC Global 2026, Oxford UK

Ferozsons and BF Biosciences hosted MAGIC (Metabolic Action Group for Integrative Care) Global 2026 at Oxford University. The initiative convened healthcare experts and national medical societies for focused dialogue on metabolic dysfunction-associated steatotic liver disease and its relationship with obesity, diabetes, cardiovascular risk, kidney health and nutrition.

The discussions emphasised early risk identification, collaborative disease management and the development of practical, multidisciplinary care pathways relevant to Pakistan. The participation of medical societies from across the country reinforced a shared commitment to addressing interconnected metabolic and liver health challenges through partnership and scientific exchange.



Partnerships in Action | Advancing Access & Awareness

Improving health outcomes requires more than making treatment available. People also need credible information, timely evaluation and clear routes to appropriate care. During the year, Ferozsons Laboratories and BF Biosciences worked with professional societies, digital-health platforms, diagnostic providers and community organisations to address these needs at different points along the patient journey.

Across these partnerships, the common purpose was to turn awareness into informed action and make pathways to care easier to navigate. By combining local expertise, digital reach and practical support, Ferozsons and BF Biosciences are contributing to more connected responses to patient and community needs.

Purposeful collaboration brings trusted information, timely diagnosis and appropriate care closer to patients.

Expanding Digital Pathways with Marham

Digital platforms can make credible health information and professional guidance easier to reach. With Marham, Ferozsons introduced podcasts for Ab Baat Hogi Dil Ki for heart-health awareness, while BF Biosciences established Jigar Ki Suno podcasts to encourage greater understanding of liver health and the importance of early action.



Strengthening Medication Safety

Ferozsons signed an MoU with the Pakistan Society of Health-System Pharmacists for a structured national programme in pharmacovigilance and medication safety. Designed to reach 1,000+ pharmacists, the collaboration aims to strengthen the identification, reporting & prevention of medicine-related risks & support safer patient care. The programme is successfully running across the country.



Expanding Digital Access to Obesity Care

BF Biosciences and Marham launched the SlimPossible Digital Clinic to improve access to structured obesity care. The platform connects people with medical specialists and lifestyle guidance through a convenient digital channel, supporting more informed and coordinated weight management.



Advancing Gastrointestinal Health Awareness

An MoU between Ferozsons and the Pakistan Society of Gastroenterology and GI Endoscopy established a pathway for public and patient education on gastrointestinal health through our initiative “Know Your Gut Feelings”. By bringing specialist expertise into health-awareness activities, the collaboration aims to help people recognise symptoms, seek timely advice and make better-informed healthcare decisions.



Supporting Early Kidney Evaluation

BF Biosciences signed an MoU with the Pakistan Kidney Foundation to advance kidney-health awareness, early detection and preventive care. Through the Kidney Early Evaluation Program, this intent is translated into early evaluation and expert consultation to citizens of the country.



Innovation in Action | From Evidence to Patient Access

During the year, Ferozsons and BF Biosciences advanced innovation across metabolic and cardiovascular care. Together, they reflect a connected approach to innovation: generating locally relevant evidence, introducing technologies that support everyday disease management and building local capacity for specialised treatment.

Expanding Advanced Heart-Rhythm Care | Pulsed Field Ablation

Pakistan Institute of Medical Sciences in Islamabad launched Pakistan's first public-sector Pulsed Field Ablation programme using Boston Scientific's FARAPULSE™ system, introduced in Pakistan by Ferozsons Laboratories Limited.

Pulsed Field Ablation, a minimally invasive, non-thermal approach to treating atrial fibrillation, uses brief electrical pulses to target the cardiac tissue contributing to an irregular heartbeat while helping minimise the impact.

Boston Scientific and Ferozsons also supported training for doctors, nurses and catheterisation-laboratory personnel, helping establish the clinical capabilities required to sustain the programme.



Keeping Life in Range | SIBIONICS CGM

BF Biosciences introduced SIBIONICS Continuous Glucose Monitoring technology in Pakistan, extending the Group's metabolic-care response beyond treatment to include continuous, data-informed monitoring.



The system records glucose information at regular intervals and presents patterns and trends that may not be visible through individual glucose checks alone. These insights can help people living with diabetes by supporting more informed conversations about daily disease management with their healthcare professionals.

The launch brought an established international CGM platform to Pakistan that can make diabetes management more connected, understandable and responsive to individual needs.

Innovation becomes meaningful when it is supported by evidence, made accessible and applied to the health needs patients face every day.



Generating Local Evidence | The BIOSURE Study

The publication of the BIOSURE study in the Journal of Pharmaceutical Policy and Practice marked an important scientific milestone for BF Biosciences. The study evaluated Sematide®, a locally manufactured biosynthetic semaglutide, in adults with type 2 diabetes receiving routine outpatient care across Pakistan.

Conducted in collaboration with international academic partners and led by investigators across multiple diabetes centres in Pakistan, the study reflects a strong commitment to generating evidence within local healthcare realities rather than relying solely on external datasets.

The findings describe a consistent and clinically meaningful improvement in glycaemic control and weight management among patients treated in everyday practice settings. Beyond clinical outcomes, the study also highlighted improved treatment satisfaction and better perceived quality of life, suggesting that patients experienced the therapy as both effective and manageable within their daily routines.

Importantly, the safety profile observed aligned with established global experience with semaglutide, reinforcing confidence among clinicians regarding its use in local populations. By contributing peer-reviewed, locally generated evidence to the international scientific literature, the BIOSURE study strengthens trust in biosimilar innovation and supports broader clinical confidence in GLP-1-based therapies within resource-constrained healthcare systems.

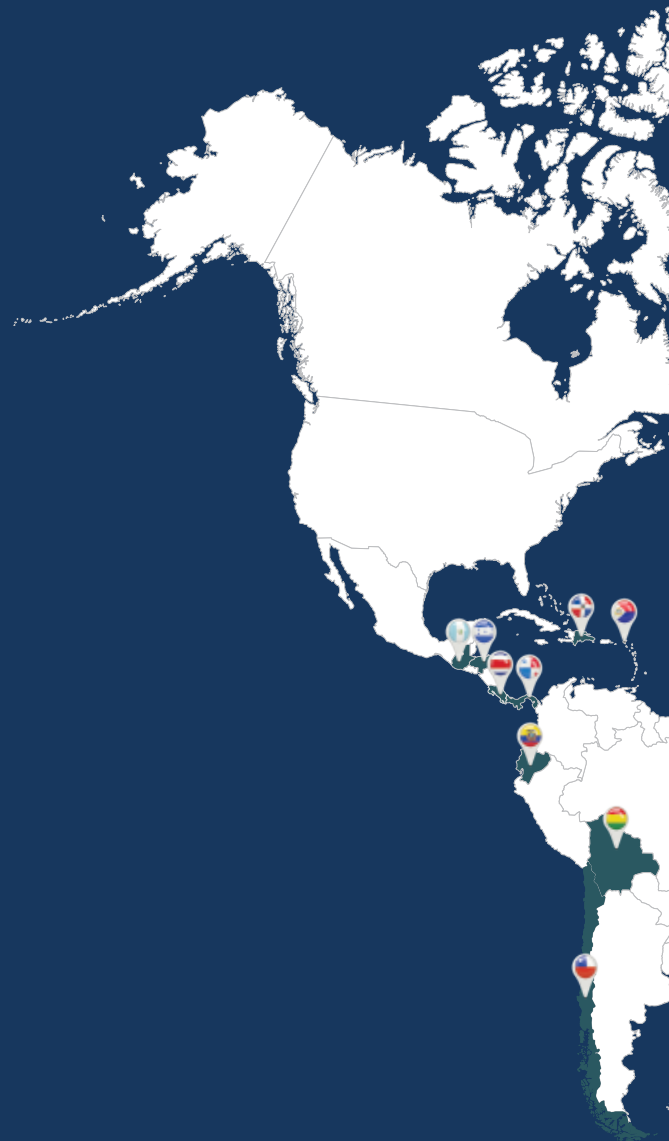


Our International Reach | Connecting with Regional Markets

Ferozsons' international presence reflects its long-standing commitment to extending quality healthcare access beyond Pakistan. Across our growing export markets, the Company conducts business in line with its core value of Putting Patients First—an approach that has supported the growth of its international operations and continues to guide its engagement with new markets.

With an expanding footprint across Asia, Africa, Central Asia, and Latin America, Ferozsons currently exports a diverse portfolio of products to more than 30 countries. We remain focused on maintaining high standards of quality and responsible business conduct while pursuing opportunities to deepen its presence in markets with significant healthcare needs, particularly low- and middle-income countries.

During the year, Ferozsons Laboratories Limited and BF Biosciences Limited participated in the 5th Pak Africa Conference, International Universal Exhibition Tajikistan, World Health Expo (WHX) events in Cape Town, Nairobi, Dubai and Miami. These international platforms enabled both companies to showcase Pakistan-based manufacturing and healthcare capabilities, gain insights into evolving market needs and engage with prospective partners.





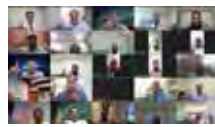
Afghanistan 	Azerbaijan 	Bolivia 	Cambodia 	Chile 	Costa Rica 
Dominican Republic 	Ecuador 	Ethiopia 	Ghana 	Guatemala 	Honduras 
Iraq 	Indonesia 	Kenya 	Kyrgyzstan 	Mauritania 	Mauritius 
Mongolia 	Moldova 	Morocco 	Myanmar 	Nepal 	Panama 
Philippines 	Qatar 	Senegal 	Sri Lanka 	Sudan 	Tajikistan 
Tanzania 	Turkey 	Uganda 	Uzbekistan 	Yemen 	

Learning & Growth | Building the Future

At Ferozsons Laboratories and BF Biosciences, developing people is an important part of building a resilient and future-ready organization. As leadership expectations, workplace practices and technologies continue to evolve, the Group is expanding access to structured learning across different roles and career stages. During the year, three complementary initiatives strengthened leadership, managerial and functional capabilities through external partnerships and applied learning.

Expanding Access to Leadership Development

Together, Ferozsons Laboratories and BF Biosciences committed to supporting 100 participants from across the Group in joining the Aspire Leadership Accelerator Powered by AI. The programme, developed by faculty at the Harvard Business School, combines AI literacy with communication, collaboration and critical thinking, while providing access to structured learning, mentorship, applied case studies and a global peer community.



Developing Effective People Managers

Ferozsons collaborated with LUMSx to deliver the Managers Development Program for its sales team. The programme strengthened essential managerial capabilities, including coaching, communication, emotional intelligence, stakeholder engagement, performance management and problem-solving, connecting leadership concepts with practical workplace situations.





Preparing Marketing Teams for AI-Enabled Work

Extending capability development to functional teams, Ferozsons and BF Biosciences introduced AI Mastery: Augmented Brand Management, a two-day programme for their marketing teams. The training explored how AI can complement human judgement by improving productivity, supporting insight-led decisions, clarifying priorities and strengthening brand planning and execution.



By creating opportunities for professional development, we strengthen individual performance, organizational capability and our contribution to healthcare.

Care Starts Within | Safe Work, Healthier People

As a healthcare organisation, our responsibility for wellbeing begins with our own people. During the year, Ferozsons Laboratories and BF Biosciences provided employees with practical opportunities to understand health risks, seek expert guidance and make informed choices for themselves and their families.

The programme combined awareness sessions with screenings, individual consultations, interactive activities and emergency-response training — bringing preventive healthcare and practical support closer to employees in the workplace. Together, these initiatives created meaningful opportunities for employees to pause, ask questions, understand their health and take informed action and to build a culture in which employee wellbeing is a shared and sustained responsibility.

A Company built around healthcare must also care for the people who make its work possible. That responsibility begins with a safe workplace and extends to practical support for wellbeing.

World Diabetes Day | Turning Awareness into Action

Employees participated in BMI assessments, blood-glucose screenings and sports activities designed to make preventive health more accessible. An interactive session with endocrinologist Prof. Dr. Ali Jawa offered practical guidance on nutrition, physical activity and sustainable lifestyle changes, helping employees better understand and manage their personal diabetes risk.



World Health Day | Rethinking Wellbeing at Work

An activity-based session led by wellness and functional medicine expert Dr. Adnan Farooq encouraged employees to reflect on their everyday health choices. Discussions explored healthy longevity, workplace presenteeism and the importance of being not only present at work, but being physically and mentally well enough to participate fully.



World Obesity Day | Supporting Healthier Choices

BMI screenings and individual consultations with a clinical nutritionist gave employees an opportunity to discuss their health in a supportive setting. A live conversation with Prof. Dr. Maaz ul Hassan explored the causes and management of obesity, while a poster competition extended awareness to childhood obesity and healthier habits at home.



World Hypertension Day | Knowing the Numbers

Blood-pressure screening stations encouraged employees to take a simple but important preventive health check. Prof. Junaid Zaffar, Consultant Interventional Cardiologist, explained how hypertension can progress without noticeable symptoms and shared practical guidance on regular monitoring, early intervention and heart-healthy everyday choices.



Care Starts Within | Safe Work, Healthier People

Breast Cancer Awareness | Encouraging Open Conversation

Prof. Dr. Abbas Khokhar, Head of Oncology at King Edward Medical University led an interactive session on breast cancer awareness. Employees were able to raise questions, address common misconceptions and better understand the importance of awareness and timely detection—for themselves, their families and wider communities.



SAFE | Strengthening Emergency Preparedness

The SAFE programme combined expert guidance on burn care with practical emergency-response training. Prof. Dr. Mustehsan Bashir explained immediate steps that can reduce the impact of burn injuries, while Rescue 1122 conducted a fire-management session and drill. Employees practised response protocols, strengthening their confidence and preparedness for workplace emergencies.



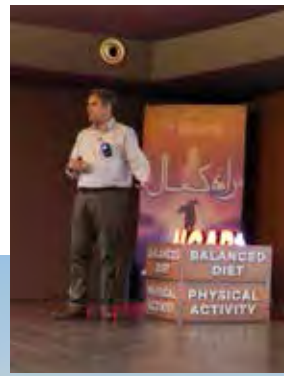
World Digestive Health Day | Connecting Gut and Mind

Through the Know Your Gut Feelings initiative, employees explored the relationship between digestive health, nutrition, stress and mental wellbeing. Clinical Dietitian Dr. Samra Tariq and Dr. Tahira Haider of CAPS, LUMS, shared practical guidance on healthier eating, stress management and calming techniques that employees could incorporate into their daily routines.



World Liver Day | Building Solid Habits

Under the theme, Solid Habits - Strong Liver, Consultant Gastroenterologist Dr. Shahid Sarwar discussed how nutrition, physical activity and other lifestyle choices can support liver health. Employees also identified and pledged personal habits they could adopt, translating the session's guidance into practical commitments for everyday life.



Hepatitis Free Ferozsans | Bringing Prevention Closer

The Hepatitis Free Ferozsans initiative brought hepatitis B and C awareness and screening directly to employees. By enabling early evaluation within the workplace and providing guidance on appropriate follow-up, the programme supported employees in taking timely action for their health while contributing to the wider goal of hepatitis elimination. Regular screening activity was also conducted across the head office.



KEEP | Supporting Early Kidney Evaluation

Under the Kidney Early Evaluation Program, employees had access to on-site preliminary assessments and consultations delivered with IMC Diagnostics. Prof. Dr. Shafiq Cheema discussed kidney-health risk factors and the value of early detection. The employees received one-on-one consultation with nephrologists from Jinnah Hospital.



Investing in Communities | Beyond Healthcare

TCF Sponsorships

Ferozsons supports The Citizens Foundation through its fundraising initiatives and its continued sponsorship of the TCF Khalid Waheed Campus in Muzaffargarh. Supported by the Company since 2006, the campus currently provides access to education for more than 360 students.

The LUMS National Outreach Programme

Ferozsons continues its annual support for the Lahore University of Management Sciences' National Outreach Programme. Through its scholarship endowment fund, the Company provides need-based financial assistance to talented students who may otherwise face barriers to higher education.





FIRE | Strengthening Clinical Research Capacity

Generating locally relevant evidence is essential to understanding Pakistan's healthcare needs and improving clinical practice and public-health decision-making. Yet, limited research capacity often restricts the use of valuable patient data generated across the country's healthcare institutions.

Launched in 2023, the Ferozsons Initiative for Research Excellence (FIRE) is a collaboration of Ferozsons Laboratories, LUMS and Innovations in Healthcare Advocacy, Research and Training (iHart). The platform supports healthcare professionals in developing the knowledge and tools required to undertake clinical studies and population-based research.

Three Clinical Research Design courses have been offered to 100+ healthcare professionals in the fundamentals of research. Participants also received faculty guidance in developing research proposals, contributing to subsequent grant applications, scientific publications and improvements in research quality.



WILL-MED | Advancing Women in Healthcare Leadership

Women represent a growing share of Pakistan's healthcare workforce but remain underrepresented in leadership and decision-making roles. Recognising the experience and perspectives they bring to healthcare, Ferozsons established the Women in Leadership League in Medicine (WILL-MED) in collaboration with members of the medical community.

The forum aims to support women clinicians, surgeons and medical students through mentorship, training, professional networks, webinars and workshops. By creating stronger pathways to leadership, WILL-MED seeks to help more women realise their professional potential, contribute to more inclusive healthcare institutions and strengthen patient care.

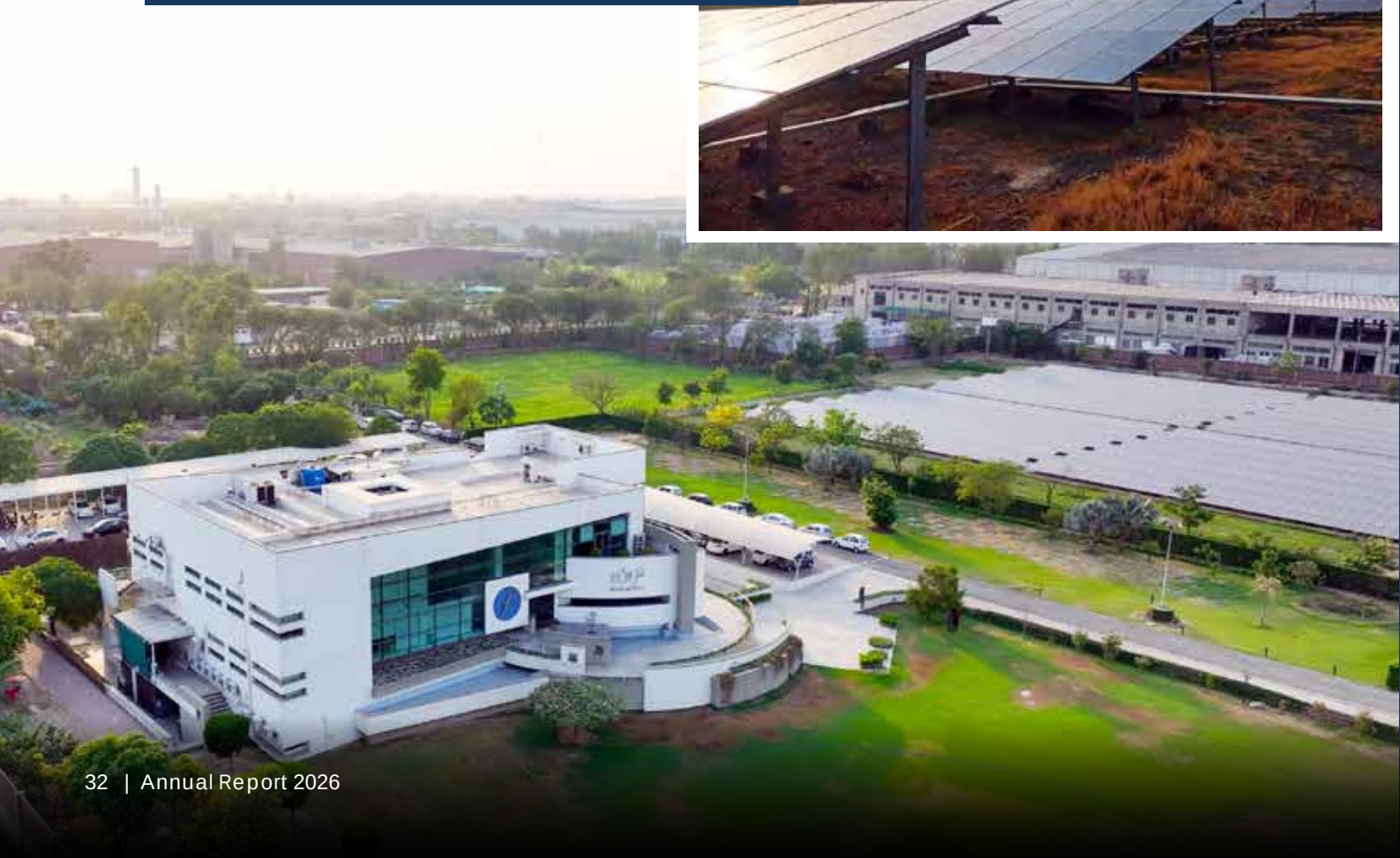
Climate Action | From Operations to Communities

Environmental responsibility is an important part of how we manage our operations. The Group's approach focuses on practical measures that expand the use of renewable energy, encourage responsible resource consumption and strengthen understanding of climate-related risks beyond its manufacturing sites.

Renewable Energy at our Sites

Ferozsons Laboratories has installed 1 MW solar power system each at its respective facilities. The solar plant at Lahore facility was commissioned in 2023, followed by the installation at Ferozsons' Nowshera plant in 2025.

By expanding solar energy across its sites, the Company is translating its commitment to sustainability and the UN SDGs into practical action – playing its part in building a cleaner, healthier and more resilient future.



From Our Sites to Our City

Launched in 2022, “Act Today. Impact Tomorrow”. established a wider platform for environmental action across Ferozsons. The initiative connected responsible resource use with the broader relationship between environmental and community health.

Building on this platform, BF Biosciences entered into an MoU with the MinusFifteen Project during the year. Introduced under the “Be an Icon of Sustainability” initiative, the collaboration extends environmental engagement beyond the companies’ sites by supporting data-driven climate monitoring in Pakistan’s urban centres, starting with Lahore, which has become the most polluted city in the world.

Under the collaboration, monitoring devices will be installed at selected clinics to collect real-time temperature and humidity data, to strengthen understanding of the city’s micro-climate and support practical responses to extreme heat and other climate-related risks.

The initiative reflects the close relationship between environmental conditions and human health and supports our wider commitment to collaboration, climate resilience and the Sustainable Development Goals.



Making and supplying medicines depends on energy, water, materials and reliable ecosystems. Using these resources carefully is part of the responsibility that comes with manufacturing.

Responsible Conduct | How We Protect Trust



Legislative & Political Environment

Our Legal & Regulatory Affairs department works closely with the relevant government departments and with our internal HR, Finance, Production, and Internal Audit teams to ensure the Company's compliance with all rules and regulations defined by the concerned authorities in letter and in spirit.

Exchange rate devaluation and inconsistent healthcare policy regimes keep affecting the pharmaceutical industry. We work with industry associations and liaise with government bodies to address these impacts and quickly adapt to the changing policy framework.



Occupational Health, Safety & Environment policy

In line with our Code of Business Conduct and Excellence Framework, we are committed to the protection of the environment and maintaining a safe and healthy workplace for all our employees. Our complete Occupational Health, Safety, and Environment Policy can be found on our corporate website.



Diversity & Inclusion

We are committed to providing a workplace that includes people from diverse backgrounds, regardless of any gender, disability, race, ethnicity, origin, religion, or economic status. This is also evident by the fact that the Company has two women on its seven-member Board. Women employed at C - 1 and C - 2 levels currently constitute 15% and 20% of their cadres respectively. C - 1 level refers to the HoDs reporting directly to the CEO, whereas C - 2 level refers to the employees directly reporting to the HoDs. The Company has also employed differently-abled people who are currently engaged in managing stores/warehousing operations.



Statement on Gender Pay Gap

We are an equal opportunity employer committed to ensuring fairness and equality in all aspects of our employment practices. We are happy to confirm that there are no differences in pay scales between male and female employees performing equivalent roles. Our compensation structure is based solely on qualifications, experience and performance and we ensure that employees are rewarded equitably, regardless of gender. We review our policies regularly to maintain a work environment that supports equity, diversity, and inclusivity so that every employee has an equal opportunity to thrive.

On behalf of Board of Directors of the Company

Chief Executive Officer

SDGs Alignment | Where Our Actions Connect



Good Health & Wellbeing

Ferozsons advances health and well-being by expanding access to medicines, biologics, diagnostics and medical technologies across acute and chronic care. Disease awareness, early-evaluation programmes, patient education and employee health initiatives complement this portfolio by supporting prevention, timely diagnosis and informed decision-making. Through these efforts, the Company seeks to strengthen pathways to appropriate care while fostering a workplace culture in which health and well-being are shared and sustained priorities.



Quality Education

The Company annually supports the Lahore University of Management Sciences (LUMS) in its academic initiatives, as well as in the National Outreach Program (NOP). The NOP fully funds exceptional students at the base of the economic pyramid from remote parts of Pakistan. The Company also supports the Citizens Foundation in the area of primary and secondary education.

The Company also has a separate education allowance to employees in eligible cadres to support their children's educational expenses. The said allowance was increased by 50% this year to reflect current schooling costs.



Gender Equality

We are an equal opportunity employer and encourage female aspirants at all levels in the Company. We are proud to have a significant representation of females on the Board of Directors and management teams.



Clean Water and Sanitation

Ferozsons continues to manage wastewater through specialised effluent-treatment systems at its manufacturing operations. Regular inspection and maintenance support responsible discharge, environmental compliance and the prevention of leakage or contamination, reflecting the Company's commitment to protecting water resources and surrounding communities.



Affordable and Clean Energy / Climate Action

In order to promote green energy, the Company has invested in two solar power plants of one-megawatt each. This shows our commitment to green energy and reduce carbon footprints. These investments reduce reliance on conventional energy sources for part of their operational requirements and support a cleaner energy future.



Decent Work and Economic Growth

Ferozsons and BF Biosciences support productive employment through fair workplace practices, employee wellbeing and continued investment in learning. Leadership, managerial and AI-enabled capability programmes helped employees prepare for changing roles and technologies, while workplace health and safety initiatives promoted a more supportive working environment.

We provide market-based compensation packages and an open, fair and friendly work environment for all employees. As a leading employer of skilled labour and through import substitution and value-added exports, the Company supports Pakistan's growth and export-diversification agenda.



Industry, Innovation and Infrastructure

During the year, Ferozsons invested Rs. 575 million for the expansion and modernization of its production facility at Nowshera with the objective of enhancing production quality and efficiency.

Our subsidiary, BF Biosciences Limited, whose facility was declared state-of-the-art at inception, has upgraded its plant through a major technology programme, investing over Rs. 4 billion to manufacture a complete range of injectables.

Investment in local pharmaceutical and biotech manufacturing, advanced production capabilities and healthcare technologies continued to strengthen Pakistan's healthcare infrastructure. The Group also supported locally relevant research, including peer-reviewed real-world evidence, while expanding access to biologics, diagnostics and medical devices in areas of significant need.



Sustainable Cities and Communities

BF Biosciences' collaboration with the MinusFifteen Project extends environmental action into Lahore's healthcare community. The initiative will place climate-monitoring devices at selected doctors' clinics to collect temperature and humidity data, strengthen understanding of urban environmental conditions and inform practical responses to extreme heat.



KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

Description	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
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UNCONSOLIDATED

Operating Results

	Rs. Million					
Revenue - net	15,757	13,858	12,712	9,893	7,806	7,034
Gross profit	6,626	5,719	4,942	3,822	3,518	2,887
Profit before minimum tax & income tax	1,073	924	610	275	935	981
Profit after taxation	651	528	400	189	514	725

Financial Position

	Rs. Million					
Share capital	435	435	435	435	362	362
Accumulated profit	6,539	5,887	5,320	4,881	4,909	4,768
Non current assets	6,775	6,806	7,083	3,912	3,904	3,605
Non current liabilities	1,037	1,292	1,413	333	258	343
Current assets	9,276	8,872	7,933	6,783	5,323	5,007
Current liabilities	5,124	5,020	4,635	4,078	2,664	2,044

Summary of Cashflow Statement

	Rs. Million					
Net cashflows from operating activities	575	1,154	(1,183)	(202)	81	1,259
Net cashflows from investing activities	(138)	(258)	(262)	112	(101)	(899)
Net cashflows from financing activities	(617)	(245)	(177)	(265)	(543)	(9)

Key Financial Ratios

Profitability Ratios

	%					
Gross profit ratio	42.1	41.3	38.9	38.6	45.1	41.1
Net profit after tax to sales	4.1	3.8	3.1	1.9	6.6	10.3
Return on equity	6.6	5.6	4.5	3.0	8.2	11.7
Return on capital employed	13.8	14.2	12.3	6.8	15.4	15.9

Liquidity Ratios

	Times					
Current ratio	1.8	1.8	1.7	1.7	2.0	2.4
Quick ratio/acid test ratio	0.6	0.8	0.8	0.6	0.9	1.6

Turnover Ratios

	(D=Days)	(T=Times)	(%=Percentage)		
Debtor turnover period (D)	51	55	63	37	50
Inventory turnover period (D)	229	221	187	257	236
Creditors turnover period (D)	67	83	42	178	126
Working capital cycle (D)	213	193	208	116	160
Non current asset turnover ratio (T)	2.3	2.0	1.8	2.5	2.0
Operating cash flow to sales ratio (%)	3.6	8.3	(9.3)	(2.0)	1.0

Payout Ratios

	(Rs.=Rupees)	(%=Percentage)			
Earnings per share (Re-stated) (Rs.)	15.0	12.2	9.2	4.4	11.8
Cash dividend per share (Re-stated) (Rs.)	5.5	4.0	3.0	-	4.2
Bonus share issued (%)	-	-	-	-	20

KEY **OPERATING** AND **FINANCIAL** DATA FOR THE LAST SIX YEARS

Description	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
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Capital Structure Ratios

	Times					
Interest cover	4.4	3.0	2.2	2.7	26.0	46.1

CONSOLIDATED

Operating Results

	Rs. Million					
Revenue - net	23,958	18,857	15,855	11,457	9,330	8,879
Gross profit	10,705	7,997	6,463	4,261	3,983	3,665
Profit before minimum tax & income tax	2,057	1,555	1,140	415	1,237	1,566
Profit after taxation	1,228	922	755	296	790	1,289

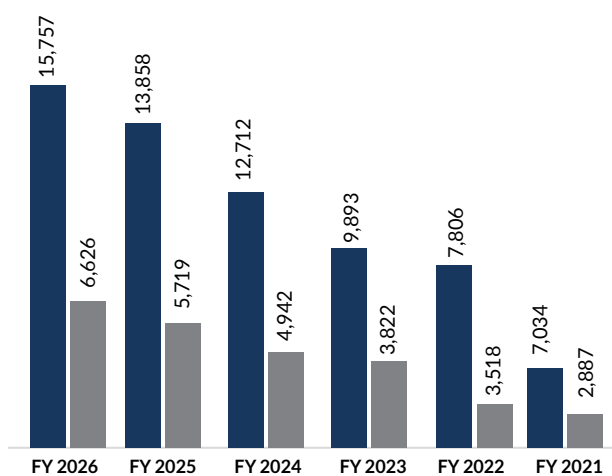
Financial Position

	Rs. Million					
Share capital	435	435	435	435	362	362
Accumulated profit	9,400	8,396	7,040	6,290	6,100	5,713
Non current assets	11,973	11,707	11,966	8,071	6,208	4,887
Non current liabilities	2,894	3,486	3,845	2,749	2,277	1,547
Current assets	13,949	12,898	9,783	8,533	7,754	7,072
Current liabilities	7,442	6,652	6,085	5,491	3,387	2,520

KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

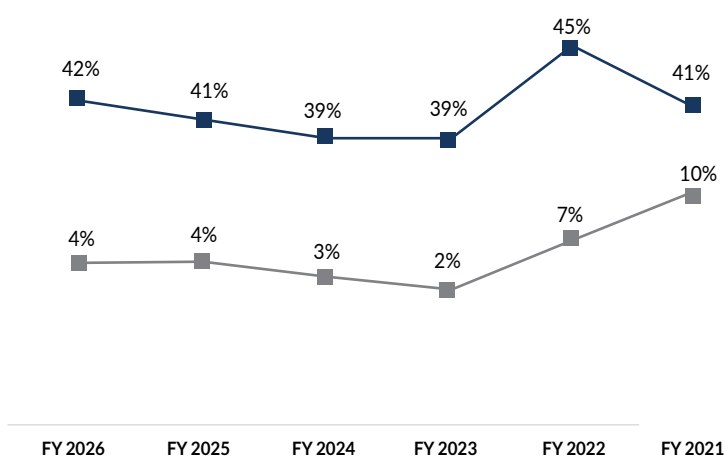
Revenue & Gross Profit (Rs. Million)

- Revenue - net (Rs. Millions)
- Gross profit (Rs. Millions)



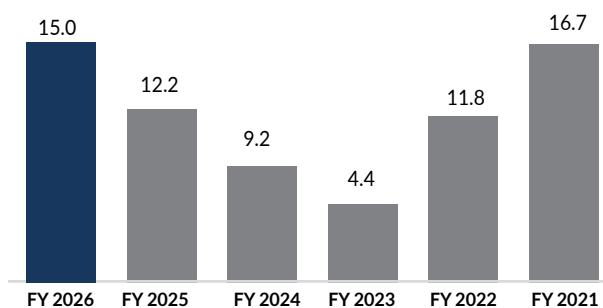
Profitability Ratios (%)

- Gross profit ratio
- Net profit ratio



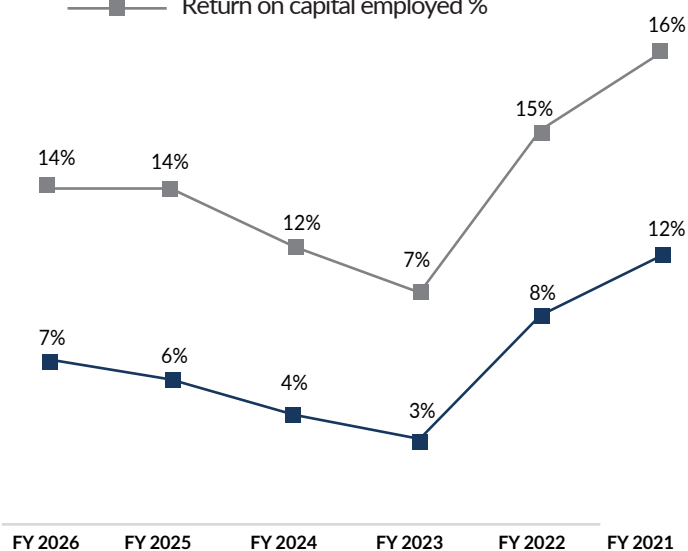
Investors' Ratios

- Earning per share (Rs.) (Re-stated)



Capital Return Ratios

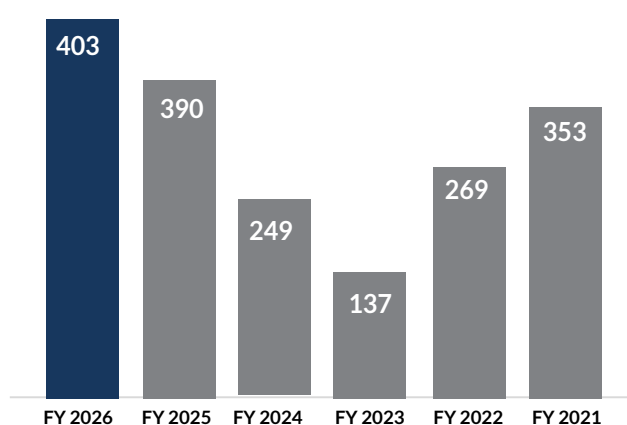
- Return on equity %
- Return on capital employed %



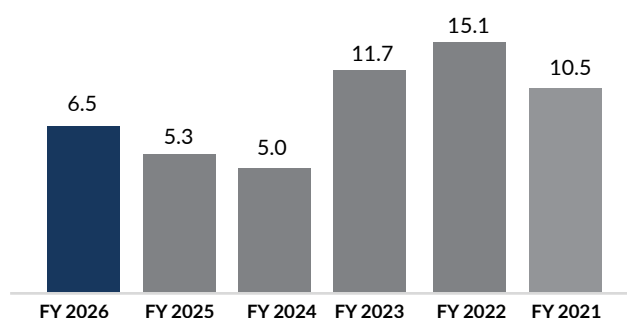
KEY OPERATING AND FINANCIAL DATA FOR THE LAST SIX YEARS

Market Ratios

■ Market price per share (Rs./share)

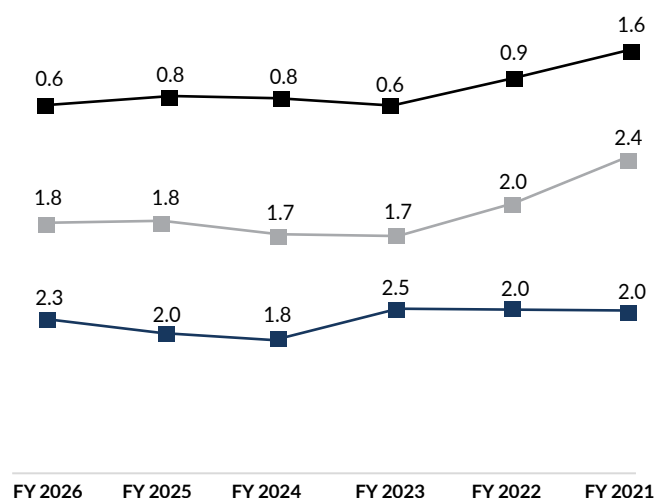


Non Current Assets to Non Current Liabilities (Ratio)



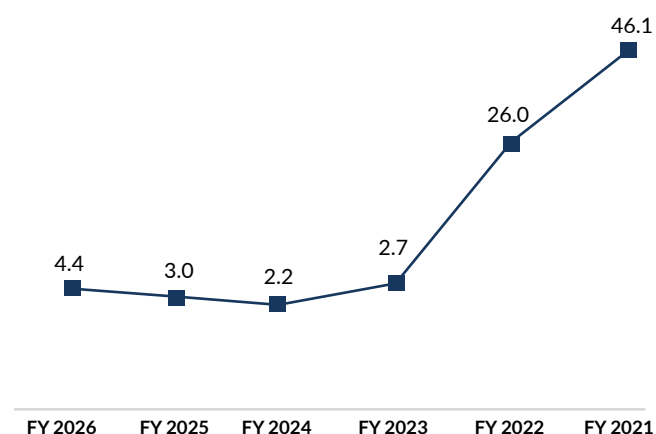
Liquidity & Asset Turnover Ratios

■ Quick ratio (times)
■ Current ratio (times)
■ Non current asset turnover (times)



Interest Cover (Times)

■ Interest cover (Times)



HORIZONTAL

ANALYSIS UNCONSOLIDATED

Description	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
	% Change from preceding year					
Financial Position Analysis						
Share capital and reserves	5.6	4.4	42.7	(0.3)	1.3	10.8
Non current liabilities	(19.8)	(8.5)	324.3	29.2	(25.0)	(9.0)
Current liabilities	2.1	8.3	13.7	53.0	30.4	33.8
Total Equity and Liabilities	2.4	4.4	40.4	15.9	7.1	14.4
Non current assets	(0.5)	(3.9)	81.1	0.2	8.3	(1.3)
Current assets	4.6	11.8	16.9	27.4	6.3	29.4
Total Assets	2.4	4.4	40.4	15.9	7.1	14.4
Profit or Loss Analysis						
Revenue - net	13.7	9.0	28.5	26.7	11.0	30.2
Cost of sales	12.2	4.8	28.0	41.6	3.4	30.6
Gross Profit	15.9	15.7	29.3	8.7	21.8	29.7
Administrative expenses	15.2	3.6	27.4	24.4	20.6	16.1
Selling and distribution expenses	22.5	14.1	24.6	24.1	29.3	18.2
Other expenses	(7.6)	138.2	(89.4)	85.7	216.5	(0.5)
Other income	(9.4)	(26.6)	1.3	24.8	18.1	47.5
Allowance for credit loss	(21.8)	(35.9)	237.3	(279.6)	(544.4)	(7.3)
Operating Profit	1.1	21.0	162.3	(55.4)	(3.1)	70.6
Finance costs	(29.7)	(14.1)	233.0	323.4	72.1	(19.9)
Profit Before Taxation	16.1	51.3	121.6	(70.5)	(4.7)	75.0
Taxation	6.7	88.1	143.6	(79.5)	64.4	55.0
Profit After Taxation	23.2	32.0	111.6	(63.2)	(29.1)	83.3

VERTICAL

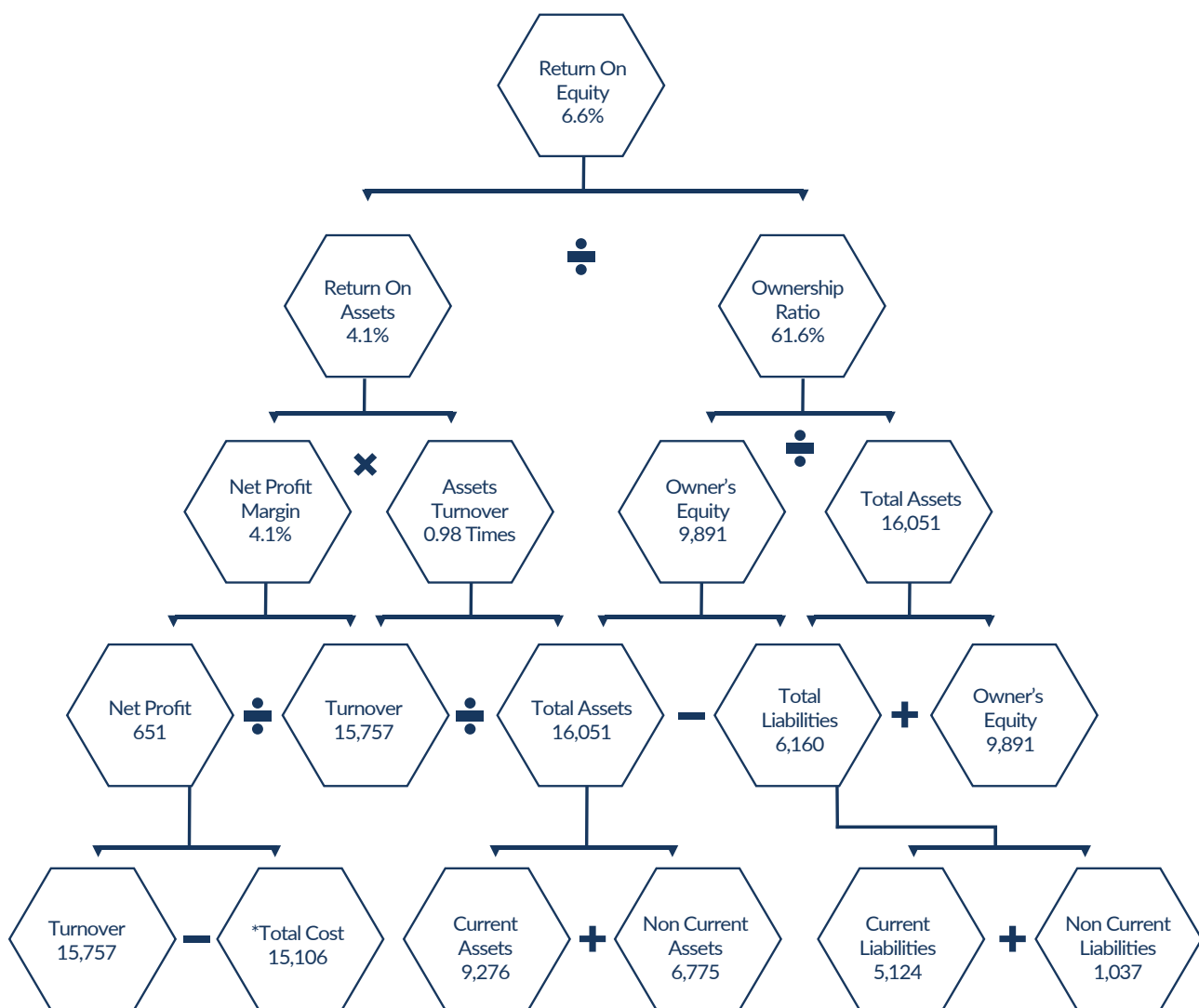
ANALYSIS UNCONSOLIDATED

Description	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
	-----%-----					
Financial Position Analysis						
Share capital and reserves	61.6	59.7	59.7	58.8	68.3	72.3
Non current liabilities	6.5	8.2	9.4	3.1	2.8	4.0
Current liabilities	31.9	32.1	30.9	38.1	28.9	23.7
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non current assets	42.2	43.4	47.2	36.6	42.3	41.9
Current assets	57.8	56.6	52.8	63.4	57.7	58.1
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Profit or Loss Analysis						
Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	57.9	58.7	61.1	61.4	54.9	58.9
Gross Profit	42.1	41.3	38.9	38.6	45.1	41.1
Administrative expenses	5.9	5.8	6.1	6.2	6.3	5.8
Selling and distribution expenses	27.0	25.1	24.0	24.7	25.3	21.7
Other expenses	0.7	0.9	0.4	5.0	3.4	1.2
Other income	0.9	1.1	1.6	2.0	2.0	1.9
Allowance for credit loss	0.4	0.6	1.0	0.4	(0.3)	0.1
Operating Profit	8.8	10.0	9.0	4.3	12.4	14.2
Finance costs	2.0	3.3	4.1	1.6	0.5	0.3
Profit Before Taxation	6.8	6.7	4.9	2.7	11.9	13.9
Taxation	2.7	2.9	1.6	0.8	5.4	3.6
Profit After Taxation	4.1	3.8	3.3	1.9	6.5	10.3

DUPONT ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2026

Rupees Million



*Total cost/expenses includes cost of sales, administrative, selling & distribution, finance cost, taxation and other income/ expenses (net).

CHAIRPERSON'S REVIEW REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2026

I am pleased to present this Review Report to the shareholders on the Board's overall performance and effectiveness in achieving the Company's objectives for the year ended 30 June 2026, in compliance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Review of Overall Performance and Effectiveness of the Board

During the year, the Board continued to diligently fulfil its roles and responsibilities, providing strategic direction and oversight to the Company. It conducted regular reviews of the Company's financial performance, strategic priorities and governance matters, including the transparency of disclosures, policies, corporate plans and budgets, and compliance with applicable regulatory requirements. The Board remained closely engaged with management in navigating the operating environment during the year and satisfied itself that appropriate measures were taken to safeguard the Company's interests.

In addition to reviewing strategic and critical business matters, the Board has specifically assessed the risks posed by changes in macroeconomic factors and supply chain disruptions to the Company. Appropriate safeguards have been implemented to minimize the impact of these adverse factors on the Company.

The Board comprises members with varied backgrounds and skill sets, enabling it to provide quality strategic direction to the management. The Board is supported by its subcommittees, namely the Human Resource & Remuneration Committee, the Audit Committee and the Investment Committee, which continued to operate effectively within their respective terms of reference during the year.

The Board remains committed to maintaining a robust system of internal controls and an effective control environment, in line with the best practices of Corporate Governance. High standards of integrity and ethical conduct continue to be emphasized by the Board as pivotal to the Company's long-term success.

During the year, a casual vacancy arose on the Board following the sad demise of Mrs. Akhter Khalid Waheed, Chairperson and Director of the Company, who passed away on 01 June 2026. The Board places on record its deep appreciation for her vision and leadership, which laid the foundation of the Company, and her contribution will always be remembered. The vacancy was filled through an election of directors held on 03 July 2026 and the Board subsequently appointed Mrs. Amna Piracha Khan as Chairperson with effect from 07 July 2026.

As required by Listed Companies (Code of Corporate Governance) Regulations, 2019 annual evaluations of the Board of Directors and its subcommittees have been carried out. This evaluation aims to ensure that the Board has the skills required to provide strategic leadership to the Company. Improvement areas, if any, identified as part of the evaluation process are addressed accordingly. Based on the latest feedback received, the evaluation and performance of the Board is considered satisfactory.

Acknowledgement

On behalf of the Board of Directors, I would like to extend my sincere gratitude to all shareholders for their continued trust and support. I acknowledge with appreciation the dedication and hard work of our employees at all levels, and place on record my appreciation for the commitment and strategic contribution of my fellow Board Members and the Chief Executive Officer during the year.



Mrs. Amna Piracha Khan
Chairperson

Lahore
29 September 2026

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2026

We are pleased to present the 70th Annual Report which includes the audited standalone financial statements of the Company for the financial year ended 30 June 2026 along with the consolidated financial statements. The consolidated financial statements incorporate the Company's 57.36% owned subsidiary BF Biosciences Limited and 98% owned retail venture Farmacia.

This report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed the Companies (Code of Corporate Governance) Regulations 2019.

Highlights of the Company's Individual and Consolidated Financial Results

A summary of the financial results compared to last year is given below:

	Individual		Consolidated	
	2026	2025	2026	2025
(Rupees in million)				
Revenue – net	15,757	13,858	23,958	18,857
Gross profit	6,626	5,719	10,705	7,997
Profit before tax	1,073	924	2,057	1,555
Profit after tax	651	528	1,228	922
Earnings per share (Rs.)	14.97	12.15	22.51	17.86

Financial and Operational Review

The Company's consolidated net sales closed at Rs. 23.96 billion, depicting a growth of 27% over the last year. On a standalone basis, the Company's net sales closed at Rs. 15.76 billion, depicting a growth of 14% over the last year.

In-market generic sales increased by 21%, whereas institutional sales of generics and medical devices decreased by 2%. It is pertinent to note that the in-market generic sales growth is primarily volume-led, whereas the decline in institutional sales is mainly due to constrained public health sector budgets along with delays in procurement activities by the institutions.

The Company's Gross Profit (GP) margin currently stands at 42% compared to 41% last year. The increase in GP margin primarily reflects change in sales mix along with price increase in select products.

Selling and distribution expenses increased by 23% mainly due to expansion of field force and enhanced field activities, while administrative expenses increased by 15% on account of inflationary impact.

Finance costs decreased by 30%, mainly driven by lower short-term borrowings and an average reduction of 300 basis points in the SBP policy rate compared to last year.

Profit after tax closed at Rs. 651 million, reflecting a growth of 23% compared to last year. Based on profit after tax, standalone earnings per share (EPS) closed at Rs. 14.97 per share, compared to Rs. 12.15 per share last year.

Financial and Operational Review of BF Biosciences Limited (Subsidiary Company):

The net sales of the subsidiary Company, BF Biosciences Limited closed at Rs. 9.5 billion, compared to Rs. 5.8 billion, depicting a growth of 62% over the last year. The profit after tax of the Company closed at Rs. 632 million against Rs. 447 million achieved last year, depicting an increase of 41%. Based on the profit after tax and weighted average number of shares, the earnings per share (EPS) for the year ended 30 June 2026 translates to Rs. 7.16 per share compared with Rs. 5.52 per share last year. For details, please refer to subsidiary's published financial statements for the year ended 30 June 2026 (PSX: BFBIO).

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2026

Key Operating and Financial Data

A summary of key operating and financial data of the individual and consolidated financial statements for the last six years is annexed.

Capital Expenditure

During the year, the Company invested Rs. 575 million in capital expenditure, mainly comprising the acquisition of a blistering machine and the expansion and modernization of the production facility, with the objective of enhancing production quality and efficiency.

Subsequent Events

No material changes affecting the Company's financial position have occurred between the financial year end and date of this report.

Earnings per Share

Based on the net profit for the year ended 30 June 2026, the standalone earnings per share (EPS) stands at Rs. 14.97 per share, compared to Rs. 12.15 per share last year. Whereas consolidated EPS for the year ended 30 June 2026 stand at Rs. 22.51 per share compared to Rs. 17.86 per share last year.

Dividend Announcement

The directors have recommended a final cash dividend of 55% i.e., Rs. 5.5 per share for the year ended 30 June 2026 subject to the approval by the shareholders at the Annual General Meeting to be held on 28 October 2026.

These appropriations will be accounted for in the subsequent financial statements, in compliance with the Companies Act, 2017.

Statement of Compliance with the Code of Corporate Governance

As mandated by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors, Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggests, whenever required, further improvement in the internal control system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Significant deviations from last year's operating results have been explained in detail together with the reasons thereof in the Annual Report.
- The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- Outstanding taxes, statutory levies, and duties, if any, have been duly disclosed in the financial statements.

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2026

Statement as to the Value of Investment of Provident Fund

The values of employees' provident fund investments based on latest audited accounts as at 30 June 2026 are Rs. 1,814 million.

Diversity, Equity & Inclusion

The Company is committed to fostering a diverse, equitable, and inclusive workplace where all employees are provided with equal opportunities for growth and development, irrespective of gender, disability, ethnicity, religion, or socio-economic background. This commitment is reflected across the organization through fair employment practices, an inclusive work culture, and the promotion of diversity at both the Board and workforce levels. The Company also provides employment opportunities to differently abled individuals and remains dedicated to creating a respectful, supportive, and equitable working environment for all.

Sustainability

The Board of Directors, with input from management, continuously monitors sustainability-related risks and opportunities that may impact the Company's operations, financial performance, and long-term value creation. This process includes the assessment of environmental and operational factors and the integration of relevant sustainability considerations into the Company's business activities. While no material sustainability-related risks have been identified that are expected to significantly affect the Company's business, appropriate measures remain in place to manage and mitigate potential environmental impacts.

The Company continues to benefit from sustainability initiatives implemented in previous years. Wastewater treatment facilities at its manufacturing sites remained operational throughout the year, ensuring that wastewater generated from production processes was appropriately treated and neutralized prior to discharge in compliance with applicable environmental regulations. Furthermore, solar power plants with an installed capacity of 1 MW each at the Nowshera and Raiwind facilities remained operational throughout the year, contributing to cleaner energy consumption, improved energy efficiency, and reduced reliance on conventional energy sources. The Company remains committed to responsible resource utilization, environmental compliance and sustainable business practices.

Contribution to National Exchequer

The Company has contributed Rs. 1,073 million to the Government on account of various government levies including Income Tax, Sales Tax, Custom Duties, Central Research Fund, and other statutory levies.

Related Party Transactions

Transactions with related parties during the year ended 30 June 2026 were placed before the Audit Committee and the Board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Details of related party transactions are given in note no. 39 to the unconsolidated financial statements.

Composition of Board of Directors, its Committees and Meetings

The information regarding the composition of Board of Directors, its Committees and Meetings held along with the details of persons who, at any time during the financial year 2025-26 were directors of the Company is annexed.

Pattern of Shareholding

The pattern of shareholding as at 30 June 2026 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Corporate Social Responsibility

Through initiatives that promote education, disease awareness, and access to quality healthcare solutions, the Company continues to support the well-being of the communities it serves. Guided by its philosophy of Putting Patients First, the Company works closely with healthcare professionals and community organizations to create a meaningful and lasting impact. The Company strives to create sustainable value for its stakeholders through ethical business practices, responsible corporate conduct, employee development, and a continued commitment to advancing public health and improving quality of life.

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2026

Risk Management

The Board of Directors is responsible for overseeing the Company's risk management framework and has carried out a robust assessment of the principal risks facing the Company, including those that could affect its business model, future performance, solvency, and liquidity. The Company's approach to risk management focuses on identifying, assessing, monitoring, and mitigating risks through appropriate controls and strategic actions. Risk management is integrated into the Company's decision-making processes and is regularly reviewed by the Board and management to support sustainable growth and long-term value creation. The principal risks faced by the Company and the corresponding mitigation measures include:

- **Economic and Political Risks:** Changes in the economic and political environment may adversely affect business operations, market conditions, and consumer purchasing power. Management continuously monitors developments and evaluates appropriate strategies to mitigate potential impacts on the business.
- **Currency and Pricing Risks:** As a significant portion of the Company's raw materials and products are imported, fluctuations in foreign exchange rates may increase procurement costs and impact profitability. Furthermore, regulatory controls over pharmaceutical pricing may limit the Company's ability to immediately pass on cost increases to customers. The Company actively monitors foreign exchange exposures and adopts appropriate procurement, inventory, and treasury management strategies to mitigate these risks.
- **Regulatory and Compliance Risks:** The pharmaceutical industry operates within a highly regulated environment. Changes in regulatory requirements, pricing mechanisms, quality standards, and compliance obligations may impact business operations. The Company maintains robust compliance procedures and engages proactively with regulatory authorities and industry stakeholders to ensure adherence to applicable laws and regulations.
- **Competition Risks:** Due to the weak regulatory controls over illegal and low-quality products in the market, the pharmaceutical industry in Pakistan is exposed to unhealthy competition risks. In order to mitigate these risks, the Company along with other members of the Pakistan Pharmaceutical Manufacturers Association, is in continuous lobbying for improved Government regulations and policies.
- **Supply Chain Risks:** The availability of raw materials and finished products is critical to the Company's operations. Global supply chain disruptions, geopolitical developments, and logistics constraints may affect procurement and production activities. The Company mitigates these risks through comprehensive demand forecasting, production planning, supplier diversification, strategic inventory management, and continuous monitoring of supply chain developments.
- **Information Technology and Cybersecurity Risks:** The Company increasingly relies on information systems and digital technologies to support its operations. To safeguard business continuity and information assets, the Company continues to invest in IT infrastructure, cybersecurity measures, system enhancements, and data protection controls.
- **Climate and Business Continuity Risks:** Adverse weather events, energy shortages, utility disruptions, and other operational challenges may impact manufacturing and distribution activities. The Company continues to strengthen its operational resilience through contingency planning, infrastructure improvements, energy management initiatives, and business continuity measures.
- **Financial Risks:** Financial risks, including credit, liquidity and market risks, are managed through established policies, controls and monitoring mechanisms, with particular attention to working capital management, receivables recovery, liquidity planning and maintaining adequate financing facilities. These have been elaborated in detail in notes to the financial statements.

Remuneration Policy of Executive Director/Chief Executive Officer and Non-Executive Directors

Executive Director/Chief Executive Officer is entitled for a remuneration package of which details are enclosed in note no. 38 to the unconsolidated financial statements. Whereas non-executive directors including the independent directors are entitled only for the fee for attending the meetings and re-imbursement of travelling expenses.

DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2026

Auditors

The Auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the year 2026-27.

The Board Audit Committee has recommended appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2026-27. Accordingly, the Board has recommended the same for the approval of the shareholders in the upcoming Annual General Meeting.

Industry Review and Future Outlook

Pakistan's retail pharmaceutical market is valued at over Rs. 1.2 trillion and recorded growth of approximately 15% during the year, primarily driven by price adjustments.

The closure of the Pakistan-Afghanistan border has adversely affected the pharmaceutical industry's exports. Afghanistan has a major share in pharma exports from Pakistan, and this impact may persist if the situation remains unresolved.

Despite delivering above-market topline growth during the year, the Company's profitability remained under pressure due to inflationary factors, particularly higher fuel costs and increases in the prices of selected APIs.

The Medical Devices segment also continued to face significant working capital challenges. As at the balance sheet date, receivables from the public sector for this segment against government tenders continued to pose a major constraint. The resulting extended working capital cycle has increased the Company's financing costs and impacted its ability to make further supplies to certain government institutions.

The prevailing geopolitical situation in the region remains an additional area of concern. Ongoing conflict and disruptions to regional trade and energy routes have contributed to volatility in global fuel prices, freight costs and supply chains. Any prolonged escalation may further increase the cost and lead times of imported APIs, packaging materials and other inputs. Management continues to closely monitor these developments and is taking appropriate measures to safeguard continuity of supply and manage their financial impact.

Subsequent to the year end, the Company received a voluntary license from Gilead Sciences for once yearly Lenacapavir Sodium, further strengthening its long-standing partnership with Gilead in addressing unmet patient needs. The Company is also progressing towards local registration of twice-yearly Lenacapavir Sodium, representing an important advancement in its HIV portfolio.

Looking ahead, management remains focused on addressing unmet patient needs while expanding and diversifying the Company's chronic and specialty care portfolio. The Company intends to strengthen its presence in cardiometabolic, gastroenterology, hepatology and dermatology care, while further enhancing its portfolio and market penetration in urology and gynecology. New product launches, product innovation and access to emerging therapies will remain important drivers of future growth.

Acknowledgements

We want to acknowledge the considerable efforts and dedication of our employees towards achievement of the Company's objectives. Further, we also thank our principals, business partners and valued customers for their continuous support and confidence in the Company.

For and on behalf of the Board



Mr. Osman Khalid Waheed
Chief Executive Officer



Mrs. Munize Azhar Peracha
Director

Lahore
29 September 2026

DATES AND ATTENDANCE OF BOARD MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2026

The dates of Board Meetings held during the Financial Year 2025-2026 are as follows:

- 10 July 2025
- 23 September 2025
- 25 October 2025
- 26 February 2026
- 29 April 2026

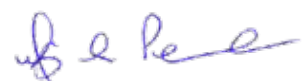
The details of attendance of Board of Directors and its committees meetings are as follows:

Name of Directors	No. of Meetings	Attendance
Board of Directors Meetings:		
Mrs. Akhter Khalid Waheed	5	5
Mr. Osman Khalid Waheed	5	5
Mrs. Amna Piracha Khan	5	4
Mrs. Munize Azhar Peracha	5	5
Mr. Shahid Anwar	5	5
Mr. Arshad Saeed Husain	5	4
Mr. Suleman Ghani	5	5
Audit Committee Meetings:		
Mr. Arshad Saeed Husain	4	3
Mrs. Amna Piracha Khan	4	3
Mr. Shahid Anwar	4	4
Mr. Suleman Ghani	4	4
HR & Remuneration Committee Meetings:		
Mr. Arshad Saeed Husain	1	1
Mr. Osman Khalid Waheed	1	1
Mrs. Munize Azhar Peracha	1	1
Mr. Shahid Anwar	1	1

For and on behalf of the Board



Mr. Osman Khalid Waheed
Chief Executive Officer



Mrs. Munize Azhar Peracha
Director

Lahore
29 September 2026



The background is a dark, atmospheric scene with a teal and blue color palette. It features numerous out-of-focus light circles (bokeh) of varying sizes, creating a sense of depth. On the left side, a portion of a sphere is visible, rendered with a glowing wireframe or mesh pattern. The overall mood is futuristic and ethereal.

Ferozsons Laboratories Limited

Sustainability Report

For the year ended 30 June 2026

1. Company description and operations

Ferozsons Laboratories Limited (the Holding Company), together with its subsidiaries ("the Group"), operates as an integrated pharmaceutical manufacturer, with activities including formulation, packaging and quality control. The Group's manufacturing operations are located in Pakistan, and it distributes its products to hospitals, clinics, pharmacies and patients across Pakistan, as well as to export customers. The Group consists of the following subsidiaries:

Company / entity	Country of incorporation	Nature of business	Effective holding (%)
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	57.36
Farmacia	Pakistan	Sales and distribution of medicines and other related products	98.00

The Group depends on energy, water, local and imported active pharmaceutical ingredients (API), packaging materials, skilled employees, suppliers, logistics providers, customers and finance providers to operate its business model. Climate-related risks and opportunities could reasonably be expected to affect the availability or cost of these resources and relationships, and could therefore affect the Group's cash flow, access to finance or cost of capital over the short, medium or long term.

The Group's value chain reflects the stringent requirements of the pharmaceutical industry, with regulatory compliance, supply reliability, and quality assurance serving as key priorities throughout all stages. Sustainability and climate-related considerations arise across upstream sourcing, internal manufacturing operations, and downstream distribution.

Value chain area	Key relationships and resources	Climate relevance
Upstream	Active Pharmaceutical Ingredient (API) suppliers, excipient and packaging material suppliers, energy providers, water resources, and logistics/freight providers.	Raw material and API availability, water stress, import and supply chain disruption risk, input price volatility, and exposure to supplier-related climate and regulatory risks.
Own operations	Manufacturing and formulation facilities (tablets, capsules, injectables), steam generation, R&D and quality control laboratories, cold-chain storage warehousing.	Scope 1 and Scope 2 emissions, energy-intensive HVAC, steam and cold-chain requirements, natural gas supply, and water use for pharmaceutical-grade processes, heat exposure at production sites, and risks to operating continuity and product quality from climate-related disruptions.
Downstream	Hospitals, pharmacies, distributors, healthcare professionals, export markets and regulatory bodies.	Cold-chain integrity during distribution (heat exposure risk to temperature-sensitive products), delivery disruption from extreme weather, evolving regulatory and climate-related disclosure requirements in export markets, and opportunities from sustainable packaging or lower-carbon manufacturing.
Finance providers	Banks, lending institutions, and shareholders.	Access to and cost of capital, climate-related data and disclosure requests from lenders and investors, and potential sustainability-linked financing conditions tied to emissions or water-use performance.

Across these stages, the Group's operations depend on reliable energy and water supply, imported APIs, resilient logistics, compliant suppliers, and a skilled workforce supported by effective quality, EHS and compliance systems. Of these, the continuity and quality of imported APIs, the stability and cost of energy and logistics, regulatory compliance across manufacturing and distribution, and workforce capability, wellbeing and ethical conduct stand out as particularly significant sustainability and climate-related dependencies.

The Group's sustainability priorities are informed by business relevance, stakeholder expectations, and emerging sustainability- and climate-related disclosure requirements. A structured process was undertaken to identify the material sustainability topics most relevant to the Group's enterprise value and long-term resilience, drawing on peer practices in the Pakistani pharmaceutical sector and management judgement. This process resulted in a focused set of priority areas across environmental, social and governance dimensions, forming the foundation for identifying and assessing sustainability- and climate-related risks and opportunities.

2. Basis of Preparation

2.1 Reporting basis and transition reliefs

The sustainability report has been prepared for the Group and should be read in conjunction with the Holding Company's consolidated financial statements prepared in accordance with accounting and reporting standards as applicable in Pakistan. It covers a 12-month period for the year ended 30 June 2026, which is aligned with the reporting period of the related consolidated financial statements, and represents the Group's first structured sustainability report prepared with reference to the IFRS Sustainability Disclosure Standards, establishing an initial reporting baseline for the Group.

These disclosures aim to provide information about the climate-related and sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, including its cash flows, access to finance and cost of capital, that is useful to primary users of general-purpose financial reports.

The following transition reliefs, available in the first annual reporting period, have been applied in preparing this report:

- Scope 3 greenhouse gas emissions have not been disclosed, as the Group has applied the transition relief available in the first year of reporting.
- Comparative information has not been provided, as permitted for the first-year reporting period; all metrics in this report relate to the current reporting period only.

In preparing this report, the Group has considered the applicability of sustainability-related disclosure topics set out in the SASB Standards for the Biotechnology & Pharmaceuticals industry, including relevant IFRS S2 industry-based guidance. Consideration of the SASB Standards and industry-based guidance informed management judgement and did not, in isolation, determine materiality.

The Group has used consistent assumptions, units of measure and data boundaries, where possible, across sustainability-related financial disclosures and the related consolidated financial statements. Significant differences between sustainability-related information and the related consolidated financial statements would be explained where relevant.

The Group updates disclosures for information received after the reporting date but before authorisation for issue if that information relates to conditions existing at the reporting date. Material events after the reporting date are disclosed if non-disclosure could reasonably be expected to influence decisions made by primary users.

2.2 Time horizons

The Group defines time horizons based on when sustainability-related risks and opportunities could reasonably be expected to occur. As of the end of the reporting period, the following time horizons have been identified, which align with the timelines used for strategic decision-making:

- Short term: up to 2 years
- Medium term: 2–5 years
- Long term: more than 5 years

These time horizons are applied consistently across the identification, assessment and disclosure of climate-related risks and opportunities, including scenario analysis, financial effects and target setting.

2.3 Reporting boundary

The sustainability-related financial disclosures use the same reporting entity and reporting period as the related consolidated financial statements. Own operations and relevant value-chain relationships are considered when identifying climate-related risks and opportunities. Scope 1 and Scope 2 greenhouse gas emissions are measured using an operational control boundary. Scope 3 greenhouse gas emissions are not reported in this first-year sustainability report because the Group applies the IFRS S2 transition relief.

The following table summarises the boundaries applied in preparing this sustainability report, including how different components of the reporting entity and value chain have been treated.

Boundary component	Treatment in this sustainability report
Parent and controlled operations	The sustainability report is prepared at Group level and reflects the Group's climate-related risks, opportunities, metrics and targets. The reporting entity comprises Ferozsons Laboratories Limited (the parent company) and its controlled subsidiaries: BF Biosciences Limited and Farmacia.
Leased assets controlled by the Group	Included where the Group has operational control and relevant data is available.
Value chain	Considered for identifying and assessing sustainability and climate related risks and opportunities, including priority raw materials (APIs, excipients, packaging) and supplier exposure.
Scope 3 greenhouse gas emissions	Not reported in year one because the IFRS S2 transition relief is applied.
Acquisitions, disposals and changes in group structure	No acquisitions, disposals or changes in group structure occurred during the reporting period.

2.4 Judgements and measurement uncertainty

In preparing this report, the Group has exercised significant judgement in a number of areas, including:

- Determining which sustainability- and climate-related risks and opportunities could reasonably be expected to affect enterprise value, including the selection of material topics and applicable industry-based guidance.
- Defining reporting boundaries and the extent of value-chain coverage across the Group's entities.
- Assessing the significance of risks and opportunities across short, medium and long-term time horizons.
- Determining the level of disaggregation and narrative detail appropriate for first-time disclosures, including which metrics are useful to primary users and whether quantitative financial effects can be presented without undue measurement uncertainty.

These judgements are based on group management experience, internal stakeholder input, available data, and prevailing regulatory and market conditions in Pakistan's pharmaceutical sector.

Certain sustainability- and climate-related information in this report is subject to inherent measurement uncertainty, arising from data limitations, estimation techniques, and the evolving nature of sustainability measurement practices, particularly in the context of first-time reporting. Key assumptions relate to the use of available emission factors, water-stress classification methodologies, climate scenario assumptions, and management estimates of potential financial effects. These assumptions may change as methodologies, data quality and external climate information evolve. The most significant sources of measurement uncertainty in the context of this first-year sustainability report relate to emissions estimates, emission factors and energy conversion factors, water-stress exposure, supplier information, and the qualitative or estimated assessment of financial effects. The Group expects data quality and internal controls to improve over time.

2.5 Materiality assessment

The Group conducted an enterprise value-focused materiality assessment to identify sustainability- and climate-related topics that could reasonably be expected to affect its financial performance, financial position and future cash flows, with reference to IFRS S1 and IFRS S2.

Step	Description
1. Peer benchmarking	Sustainability and ESG disclosures of comparable Pakistani and regional pharmaceutical companies were reviewed to identify topics commonly considered material within the industry.
2. Initial topic identification	A list of potential sustainability topics was developed based on peer benchmarking, industry characteristics, regulatory and market considerations relevant to the Group's operations.
3. Stakeholder engagement and risk / opportunity identification	Internal stakeholder engagement was conducted with Plant Operations, EHS, Quality, Regulatory Affairs, Procurement and Finance across the Group to gather management perspectives on sustainability priorities and to identify related risks and opportunities.
4. Prioritisation and narrowing	A structured prioritisation exercise assessed the relevance of topics to enterprise value, considering both potential financial effects and significance to the Group's operational footprint and stakeholder relationships.
5. Review and finalisation	The shortlisted topics were reviewed by senior management and the Board, and refined based on strategic importance, operational relevance and leadership insight.

As a result of this process, the Group identified the following material sustainability topics:

Dimension	Material topics
Environmental	Climate change risk and management; Energy management; Water management; Waste management
Social	Human rights and labour practices; Access to healthcare and affordability; Antimicrobial Resistance (AMR); Diversity, Equity and Inclusion (DEI);
Governance	Supply chain management; Business ethics and corporate governance; Transparency and reporting; Operational efficiency

2.6 Presentation currency

The presentation currency of the sustainability-related financial disclosures is the Pak Rupees (Rs.), which aligns to the presentation currency used in the consolidated financial statements, and amounts disclosed are rounded to the nearest Rupee unless otherwise stated.

3. Governance

3.1 Overall governance structure

The Group's governance framework is designed to provide effective oversight of strategy, performance, risk management, and sustainability- and climate-related matters that could reasonably be expected to affect enterprise value. The Board of Directors is the highest governance body and oversees sustainability- and climate-related matters directly, supported by the Audit Committee and the Human Resource and Remuneration Committee. In this report, sustainability-related risks and opportunities are referred to as SRROs, and climate-related risks and opportunities as CRROs.

3.2 Board of Directors' oversight

The Board of Directors anchors the Group's governance through established governance and compliance frameworks, with an emphasis on ethics, integrity, accountability and long-term value creation.

The Board oversees sustainability- and climate-related matters as part of its oversight of strategy, enterprise risk management, and major business decisions, including capital expenditure related to energy efficiency, water management, and environmental compliance. The Board is responsible for reviewing this Sustainability Report and for approving the Group's material sustainability-related risks and opportunities and related disclosures.

Governance body	Primary mandate	Relevance to sustainability & climate
Board of Directors	Overall oversight of strategy, performance, risk management and governance for the Group.	Direct oversight of SRROs and CRROs affecting enterprise value.
Audit Committee	Financial reporting, internal controls, risk management, audit and compliance.	Oversees sustainability risks relevant to financial reporting and disclosures.
Human Resource & Remuneration Committee	People strategy, remuneration, leadership development and succession planning.	Oversee social matters, workforce risks, DEI and ethical culture.
Senior management (Plant Operations, EHS, Quality, Regulatory Affairs, Procurement, Finance)	Execution and implementation.	Identifies, manages and reports SRROs and CRROs to the Board through existing management reporting channels.

3.3 Board skills and competencies

The Board comprises directors with experience across key areas relevant to the Group's business and operating context, including finance and accounting, audit and risk management, manufacturing and operations, corporate governance, and senior executive leadership in the pharmaceutical sector. These competencies support the Board's ability to consider the strategic, financial and operational implications of sustainability- and climate-related matters. The Board periodically considers whether additional skills or competencies are required to effectively oversee sustainability- and climate-related matters and evaluates targeted training or access to external subject-matter expertise as appropriate.

3.4 Role of Board committees

Audit Committee

The Audit Committee assists the Board by providing independent oversight of financial reporting integrity, internal controls, enterprise risk management and compliance. Sustainability-related risks are considered where relevant to financial reporting, controls and disclosures, including those arising from regulatory, operational and reputational exposure across the Group's manufacturing operations.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee oversees people strategy, remuneration, leadership development, succession planning and workforce governance. It supports the Board in monitoring workforce-related sustainability matters, including employee wellbeing, diversity and inclusion, ethical conduct and grievance mechanisms. Climate-related considerations are not currently incorporated into executive remuneration; the Group will evaluate this alignment as its climate-related governance and performance management practices evolve.

3.5 Information flow and oversight

Sustainability-related risks and opportunities are communicated to the Board through the Group's enterprise risk management framework, periodic management reporting, and Audit Committee reviews. Climate-related matters are communicated primarily through the Environment, Health and Safety (EHS) function at each manufacturing site.

Level	Information provided	Frequency
Plant operations / EHS / functions	SRROs, CRROs, operational and performance data	Ongoing
Senior management	Consolidated risk and performance updates	Periodic
Board of Directors	Strategic risks, disclosures, decisions	Aligned with Board meetings

3.6 Integration with risk management and decision-making

The Group integrates sustainability-related risks and opportunities into its enterprise risk management framework, which informs strategic decision-making, operational planning and mitigation actions overseen by the Board. Climate-related risks and opportunities are currently integrated primarily through EHS policies and standard operating procedures at Group manufacturing facilities, designed to identify, monitor and mitigate physical climate risks. Sustainability and climate-related considerations are taken into account in decisions on major capital investments, including evaluation of long-term financial impacts, potential cost savings, operational efficiencies and environmental considerations alongside financial returns.

3.7 Sustainability-related policies and codes

Policy / code	Relevance to SRROs and CRROs
Code of Conduct	Establishes expectations for ethical behavior, integrity, anti-bribery and corruption, conflicts of interest, and whistleblowing; applicable to employees and relevant third parties.
Risk Management Policy	Defines the framework for identifying, assessing, monitoring and mitigating risks across the business, providing the foundation for integrating sustainability- and climate-related risks into enterprise risk management.
EHS and Quality Management Systems	Govern environmental protection, occupational health and safety, and operational controls at Group manufacturing facilities, supporting management of climate-related and environmental risks including energy use, water management, waste management and workplace safety, together with product quality and patient safety, which are central to the pharmaceutical business.
Human Resource Management Policy	Addresses labour practices, employee wellbeing, diversity and inclusion, training and development, supporting management of social risks including human rights, workplace safety and talent retention.

3.8 Targets, monitoring, and incentives

As this is the Group's first sustainability report, no quantitative or qualitative sustainability- or climate-related targets, including greenhouse gas emissions targets, have been set. The Group intends to establish targets, taking into account material risks and opportunities, business priorities, operational feasibility, and evolving regulatory and stakeholder expectations. Progress towards sustainability-related objectives is currently monitored through management reporting and review of operational data, including energy use, water consumption and waste generation, at each manufacturing site. At present, the Group has not established formal climate-specific key performance indicators (KPIs) or explicit linkages between sustainability performance and remuneration; the Group intends to progressively evaluate and integrate selected indicators into its management performance framework over time.

3.9 Internal controls and assurance

The Group employs internal control systems, enterprise risk management procedures and audit mechanisms to support oversight of sustainability- and climate-related risks. Oversight is currently exercised through management controls, internal audit, Audit Committee review and Board oversight. Operational controls at the site level, with the EHS function monitoring key climate-relevant metrics, provide a foundation for enhancing the reliability of sustainability-related disclosures over time.

4. Strategy

4.1 Sustainability-related risks and opportunities (SRROs)

The Group identified and assessed SRROs across its material topics, with particular emphasis on its dependence on imported active pharmaceutical ingredients (APIs) — a defining feature of the Group's business model given its role as a licensed manufacturer of specialty and biologic medicines under international technology-transfer and licensing arrangements.

Sustainability-related risks:

Material topic	Risk	Likelihood & time horizon	Potential impact on business model and value chain	Management response
Supply chain management	Reliance on imported APIs; exposure to global supply disruptions, currency volatility, freight costs and regulatory changes in source countries.	High Short	Production delay; higher procurement and logistics costs; potential revenue loss if imported inputs are delayed or restricted; dependency on a limited number of suppliers for raw material access.	Maintain close engagement with international suppliers; monitor import lead times and currency exposure; maintain buffer inventory where commercially feasible; pursue registration of alternate qualified sources.
Supply chain management	Concentration risk from single or limited-source suppliers for certain raw materials, increasing vulnerability to single points of failure.	Medium Short	Potential production stoppages at Group manufacturing facilities if a critical single-source input is delayed; contractual and reputational exposure if committed volumes to customers or regulatory bodies cannot be met.	Strengthen supplier documentation and qualification processes; expand safety stock for critical inputs; enhance inventory monitoring systems.

Material topic	Risk	Likelihood & time horizon	Potential impact on business model and value chain	Management response
Business ethics and corporate governance	Exposure to bribery, corruption and regulatory compliance risk given the Group's engagement with government tenders, healthcare institutions and international licensing partners.	Low Medium	Potential regulatory penalties, reputational damage, or loss of licensing/partnership relationships if compliance lapses occur.	Enforce the Code of Conduct; conduct anti-bribery training; apply risk-based due diligence on third parties; maintain whistleblowing channels and periodic compliance audits.
Access to healthcare and affordability	Regulatory drug pricing controls and evolving government policy may constrain margins on essential medicines supplied under access-oriented pricing.	Medium Medium	Pressure on revenue growth for price controlled products; potential margin compression if input costs (largely import- and currency-linked) rise faster than regulated prices.	Engage with regulators on sustainable pricing frameworks; optimise product mix and operational efficiency; continue to balance affordability commitments with commercial sustainability.
Human rights and labour practices	Workplace safety and labour practice risks inherent to pharmaceutical manufacturing environment, including handling of active ingredients.	Medium Short	Potential regulatory exposure, employee relations risk, and reduced productivity if EHS and labour standards are not consistently maintained across Group manufacturing facilities.	Maintain EHS management systems and training; enforce grievance and disciplinary mechanisms; conduct periodic safety audits across Group manufacturing sites.

Sustainability-related opportunities:

Material topic	Opportunity	Likelihood & time horizon	Potential impact on business model and value chain	Management response
Access to healthcare and affordability	Continued leadership in affordable access to essential and specialty medicines through licensed manufacturing and international partnerships.	High Short	Sustained revenue and volume growth in core therapeutic areas; strengthened brand equity and stakeholder trust as a responsible provider of essential medicines.	Continue investment in access-oriented pricing models and partnerships; expand awareness and outreach through healthcare-professional engagement.
Supply chain management	Strengthening supplier diversification and local sourcing where feasible reduces disruption exposure and logistics costs.	Medium Medium	Improved production continuity, lower working-capital volatility, and more resilient revenue delivery.	Evaluate alternate qualified API sources; invest in supply chain visibility and digital tracking tools.
Business ethics and corporate governance	Strong governance and compliance track record supports continued access to international licensing partnerships and export markets.	High Medium	Enhanced positioning for further international partnerships, licensing opportunities and export growth.	Maintain robust governance frameworks; pursue continued third-party audits and certifications relevant to export markets.
Operational efficiency	Investment in manufacturing efficiency and quality systems across Group facilities supports cost competitiveness and reliability.	Medium Medium	Improved margins and strengthened positioning for future licensing and technology-transfer opportunities.	Continue investment in manufacturing capability, quality systems and workforce training.

4.2 Climate-related risks and opportunities (CRROs)

The Group identified and assessed climate-related risks and opportunities associated with its material environmental topics: Climate change risk and management, Energy management, Water management, and Waste management. These CRROs reflect the Group's exposure to climate-related transition risks and physical risks, evolving regulatory requirements, resource constraints and stakeholder expectations.

Climate-related transition risks arise from efforts to transition to a lower-carbon economy, including policy, legal, technological, market and reputational risks. Climate-related physical risks arise from weather-related events (acute) such as heat waves, or from longer-term shifts in climatic patterns (chronic) such as changes in water availability.

Climate-related risks:

Material topic	Risk	Type	Likelihood & time horizon	Potential impact	Management response
Climate change risk and management	Potential introduction or tightening of carbon pricing, carbon taxes, or emissions-linked levies in Pakistan or in export markets, increasing the cost of energy-intensive manufacturing and imported inputs with high embedded carbon.	Transition	Medium Medium	Higher production and compliance costs; potential margin compression if carbon-related costs are not offset by efficiency gains or pricing adjustments; asset-stranding risk for high emission processes if left unaddressed over the longer term.	Monitor developments in domestic and international carbon pricing and taxation policy; incorporate carbon-cost sensitivity into capital expenditure planning; prioritise energy-efficiency and emissions reduction initiatives to reduce future carbon-tax exposure; evaluate internal carbon pricing as a planning tool in future periods.
Energy management	Rising energy costs, grid reliance and natural gas availability and tariffs affecting energy intensive manufacturing, boiler-based steam generation, cleanroom and cold-storage operations.	Transition	Medium Short	Increased cost of goods sold and operating expenditure; potential production interruptions from grid reliability or natural gas supply issues affecting steam and process heat.	Energy efficiency initiatives; energy audits; continued use of the Group's on-site solar capacity and progressive evaluation of further renewable energy where operationally and financially feasible.
Water management	Water stress and supply variability affecting purified water and water for injection (WFI) processes critical to pharmaceutical manufacturing.	Physical (chronic)	Medium Medium	Potential production disruption and increased cost of alternative water supply (e.g. tankering); investment required in efficiency and storage.	Water efficient equipment; reverse osmosis system maintenance, development of a business continuity plan for water scarcity scenarios.
Waste management	Regulatory and cost exposure from handling and disposal of pharmaceutical and biologics process waste, including hazardous waste streams.	Transition	Medium Short	Increased Opex for compliant disposal; potential regulatory penalties for non-compliance; reputational exposure.	Strengthen waste segregation and tracking; engage certified/licensed disposal vendors; regular compliance audits.
Climate impact on human health & infrastructure	Extreme heat affecting workforce productivity and the energy load required to maintain validated cleanroom and cold-chain conditions.	Physical (acute)	Medium Short	Reduced productivity; higher cooling/HVAC costs; potential risk to temperature-sensitive medicines in production and storage.	Heat protocols and shift-scheduling review; cold and cold-chain resilience investment; preventive maintenance programs.

Climate-related opportunities:

Material topic	Opportunity	Likelihood & time horizon	Potential impact	Management response
Climate change risk and management	Early positioning ahead of carbon pricing/taxation trends through emissions measurement and efficiency investment reduces future cost exposure relative to less-prepared peers.	Medium Medium	Lower relative cost exposure if carbon pricing is introduced; improved standing with investors, lenders and international licensing partners increasingly focused on carbon performance.	Establish greenhouse gas measurement capability; build a carbon-cost sensitivity view into investment appraisal; disclose progress transparently.
Energy management	Expansion of renewable energy (building on the Group's two 1 MW solar plants) reduces long-term energy cost exposure and improves ESG positioning.	Medium Medium	Lower operating costs over time; improved resilience to grid tariff volatility; enhanced stakeholder confidence.	Evaluate feasibility of additional on-site renewable generation; integrate energy considerations into capital expenditure planning.
Water management	Water recycling and reuse initiatives (e.g. RO rejected water reuse) reduce dependency on freshwater withdrawal and utility costs.	Medium Medium	Reduced water purchase costs; strengthened resilience in water stressed operating locations.	Pilot water reuse and recycling technologies; monitor efficiency KPIs.
Waste management	Structured waste segregation and recycling/circularity initiatives reduce disposal costs and improve ESG credentials.	Medium Long	Lower landfill/disposal costs; improved compliance positioning.	Expand segregation and recycling programmes; engage certified recyclers where feasible.

4.3 Current and anticipated financial effects

The table below distinguishes between effects already reflected in the current reporting period and anticipated effects that may arise over future periods. In this first-year report, most effects are assessed qualitatively because the Group does not yet have sufficiently reliable data to quantify each financial effect without undue measurement uncertainty.

Risk or opportunity	Current period effect	Anticipated financial effect	Likely affected financial statements area
Carbon pricing and taxation	No material quantified current-period effect is identified; the Group is not currently subject to a carbon tax or equivalent levy.	Potential increase in energy and compliance costs over the medium to long term if carbon pricing or emissions-linked levies are introduced or tightened in Pakistan. Longer-term effects may be reduced if energy-efficiency and renewable energy initiatives are implemented successfully.	Operating costs, capital expenditure, cash flows.
Supply chain dependency on imported APIs and inputs	No material quantified current-period effect is identified.	Potential increase in procurement and logistics costs, and risk of revenue loss, arising from global supply disruption, currency volatility or regulatory change in source countries.	Revenue, Cost of sales, inventory, working capital, cash flows.
Pricing regulation for access to healthcare and affordability	No material quantified current-period effect is identified.	Potential margin pressure on price-controlled products if input costs rise faster than regulated prices over the medium term.	Revenue, gross margin, cost of sales.

Risk or opportunity	Current period effect	Anticipated financial effect	Likely affected financial statements area
Water stress affecting purified water / WFI processes	No material quantified current-period effect is identified.	Potential increase in water treatment and alternative-supply costs, and capital expenditure for efficiency and storage, over the medium to long term.	Cost of sales, capital expenditure, working capital.
Energy cost, grid reliance and natural gas supply	No material quantified current-period effect is identified. The Group has already invested in two solar power plants of one megawatt each.	Potential increase in energy costs and exposure to grid reliability and natural gas supply issues over the short to medium term, moderated by efficiency initiatives.	Cost of sales, operating costs, capital expenditure, cash flows.
Waste and hazardous material compliance	No material quantified current-period effect is identified. The Group operates a specialized water treatment plant for the treatment of effluent water. Effluents are disposed of in line with applicable environmental requirements.	Potential increase in compliant disposal and monitoring costs, and exposure to regulatory penalties, over the short to medium term if waste management practices are not strengthened.	Cost of sales, regulatory or legal liabilities, cash flows.

4.4 Climate transition plan and decarbonisation actions

As this is the first year of implementing sustainability reporting, the Group has identified climate-related strategic priorities and is developing related actions. It has not yet developed or approved a formal climate-related transition plan as described in IFRS S2; however, this report discloses climate-related actions and metrics that contribute to transition. The disclosures below therefore describe the actions currently being developed or implemented to address transition risks, physical risks and climate-related opportunities identified in Sections 4.1 and 4.2.

The Group's first-year strategic focus is to improve operational resilience, strengthen supply chain continuity, and maintain reliable access to energy and water across its manufacturing sites. These actions are subject to commercial viability, funding availability, data quality, supplier capability and Board approval where capital expenditure is required.

The key assumptions and dependencies considered by the Group in planning its measures against climate-related transition and physical risks are as follows:

Area	Time horizon	First-year assumption or dependency
Policy and regulation	Medium term	Carbon pricing or emissions-related regulation in Pakistan and export markets may develop over the medium term; drug pricing controls are expected to remain in place, constraining the extent to which climate-related cost increases can be passed through.
Energy transition	Medium to long term	Renewable electricity (e.g., solar) and grid reliability may improve over time; natural gas availability and pricing are expected to remain an important factor in steam generation; the Group's energy requirements are expected to remain a structural feature of the business model.
Technology	Short to medium term	Energy-efficiency and water-efficiency technologies (e.g., reverse osmosis system upgrades) remain commercially viable and available in Pakistan.
Data reliability	Short term (improving over medium term)	Scope 1 and Scope 2 data is more mature than supplier and wider value-chain data, particularly for imported API sourcing information.
Supplier capability	Medium term	Engagement with international licensing and technology-transfer partners, and supplier documentation quality, are expected to improve over future periods.
Finance	Short to medium term	Climate-related capital expenditure depends on project economics, funding availability and Board approval.
Physical climate conditions	Medium to long term	Extreme heat exposure may increase under higher-warming scenarios.

The Group has considered the following areas for mitigation and adaptation actions in planning its response to the material climate-related risks and opportunities disclosed in this report:

Type of effort	Areas for mitigation or adaptation actions	Related climate-related risk(s)
Direct mitigation	Energy-efficiency initiatives, energy audits, continued use of the Group's two 1 MW solar plants, and progressive evaluation of further renewable capacity.	Rising energy costs, grid reliance and natural gas supply
Direct adaptation	Heat protocols, shift-scheduling review and preventive maintenance of cooling systems.	Extreme heat affecting workforce.
Direct adaptation	Water-efficient equipment, reverse osmosis system maintenance, business continuity planning for water scarcity.	Water stress affecting purified-water and WFI processes
Indirect mitigation and adaptation	Engagement with major suppliers on supply planning; monitoring import lead times and currency exposure; buffer inventory for critical APIs; registration of alternate qualified sources where permitted.	Reliance on imported APIs; supplier concentration risk.
Indirect mitigation and adaptation	Strengthened waste segregation and tracking; engagement of certified/licensed disposal vendors.	Regulatory and cost exposure from waste handling

Climate-related actions are resourced through operating budgets, approved capital expenditure and management time. As this is the first year of climate-related reporting, the Group does not present progress against previously disclosed transition plans or targets. The actions and metrics disclosed in this report form the initial basis for monitoring and reporting progress in future periods, subject to ongoing governance review and data availability.

As this is the first year in which the Group has formally considered, planned and acted in respect of climate-related risks and opportunities, the Group has not yet carried out the following:

- Third-party validation of targets has not been obtained, carbon credits are not used to achieve the targets, and the latest international agreement on climate change has been considered qualitatively in selecting the lower-warming scenario rather than used to derive targets.
- The Group has not applied an internal carbon price while planning actions against climate-related risks and opportunities. Management may consider whether an internal carbon price is useful for capital expenditure screening and scenario analysis in future reporting periods.

4.5 Scenario analysis and climate resilience

The Group uses climate-related scenario analysis to assess whether its strategy and business model remain resilient under different climate-related conditions.

The Group has undertaken climate scenario analysis using two contrasting scenarios – a low-warming scenario and a high-warming scenario – informed by pathways developed by the Intergovernmental Panel on Climate Change (IPCC) and aligned with the objectives of the Paris Agreement. The low-warming scenario reflects a transition pathway consistent with limiting global temperature rise to well below 2°C, while the high-warming scenario represents a delayed or insufficient global response to climate change, resulting in higher physical climate risks.

In this first-year report, the analysis is qualitative and proportionate to the Group's current data and modelling capability. Time horizons used in this analysis are consistent with those defined in Section 2.2.

The summarised details of the scenario analysis performed are provided below:

Required scenario disclosure	What has been considered in preparing this first-year report
Scenarios used	Lower-warming and higher-warming qualitative scenarios.
Scenario sources	Publicly available climate and policy information, together with entity-specific operational and value-chain information.
Diverse range of scenarios	Yes. One scenario emphasises faster transition risk and the other emphasises more severe physical risk.
Latest international agreement on climate change	Considered qualitatively in selecting a lower-warming scenario.

Required scenario disclosure	What has been considered in preparing this first-year report
Time horizons	Short, medium and long term, consistent with the Group's planning horizons.
Scope of operations	Manufacturing operations in Pakistan and priority value-chain exposures, including imported APIs, energy, water and cold-chain distribution.
Reporting period in which analysis was carried out	Year ended 30 June 2026.

The key assumptions underlying each scenario and the corresponding climate-related risk profile are summarised below:

Scenario	What is assumed	Expected risk profile
Lower-warming scenario	Climate policies strengthen earlier, drug pricing and import regulations adapt to reflect carbon costs, and energy transition accelerates.	Transition risk is higher in the short and medium term; physical risk is comparatively lower over the longer term.
Higher-warming scenario	Climate policy action is delayed, transition pressure is slower, and physical climate impacts (heat, water stress) become more frequent and severe.	Physical risk increases significantly over the medium and long term; transition risk is lower initially but may remain uncertain.

Lower-warming scenario

This scenario reflects assumptions broadly consistent with the temperature goals of the Paris Agreement, with pathways aimed at limiting the increase in global average temperature to well below 2°C above pre-industrial levels. Under this scenario, the Group expects greater transition pressure from regulation, international licensing and technology-transfer partners, lenders and technology change. Management would respond by accelerating energy-efficiency projects, progressively evaluating renewable energy, and screening capital expenditure for climate considerations.

Time horizon	Risk exposure	Management focus
Short term	Transition risk is medium to high; physical risk is low to medium.	Improve emissions and energy data, monitor regulatory and import-related requirements, and prioritise energy-efficiency projects.
Medium term	Transition risk remains material; physical risk remains manageable with adaptation planning.	Progressively evaluate renewable energy, review energy mix, invest in efficiency and strengthen engagement with API suppliers and licensing partners.
Long term	Transition risk reduces if the business model adapts; physical risk is lower than in a high-warming scenario.	Maintain efficient production capabilities and align capital allocation with the Group's long-term transition priorities.

Higher-warming scenario

This scenario reflects assumptions consistent with a delayed transition and higher physical climate impacts associated with temperature increases exceeding 3°C. Under this scenario, delayed climate action results in more severe physical risks. Management would place greater emphasis on adaptation, water efficiency, heat management, supplier resilience, cold-chain continuity and insurance considerations.

In a higher-warming scenario heat and water stress could affect production continuity, purified-water and WFI processes, cold-chain distribution, input costs, workforce productivity, insurance and working capital.

Time horizon	Risk exposure	Management focus
Short term	Physical risk begins to increase; transition risk is comparatively lower.	Assess exposed sites, strengthen emergency response plans, and monitor water and heat exposure.
Medium term	Physical risk becomes medium to high; transition pressure remains uncertain.	Invest in water-efficiency measures, heat management and API supplier contingency planning.
Long term	Physical risk may become very high for exposed sites and value-chain locations.	Consider asset upgrades, supplier diversification, insurance strategy and resilience-focused capital allocation.

These two scenarios are considered sufficient to assess the resilience of the Group's strategy, as they represent materially different but plausible future climate outcomes and capture the key transition and physical risk drivers relevant to the Group's operations and markets. Strategic resilience has been assessed qualitatively by considering the potential impacts of each scenario on revenue, operating costs, asset values, supply-chain continuity and access to finance.

The use of a limited number of well-established scenarios ensures that the analysis remains proportionate, decision-useful, and aligned with current data availability and modelling capabilities, while still providing meaningful insight into the Group's ability to adapt its strategy under climate futures consistent with both the Paris-aligned transition pathway and higher-warming outcomes identified by the IPCC.

4.6 Key uncertainties and resilience assessment

The Group's assessment of climate resilience is subject to uncertainties relating to future regulatory developments, market conditions, resource availability, physical climate impacts and stakeholder expectations. These uncertainties may influence the nature, timing and magnitude of climate-related risks and opportunities and, consequently, the resilience of the Group's strategy and business model.

The table below summarises the key uncertainties that could influence the Group's climate resilience, together with their potential effects and the corresponding management responses:

Area of uncertainty	Why it matters	Group response
Climate policy and drug pricing regulation	May affect energy costs, emissions-related compliance costs, and the extent to which cost increases can be reflected in regulated product pricing.	Monitor regulatory developments in Pakistan and export markets; include climate considerations in capital expenditure approvals; engage with regulators on sustainable pricing frameworks.
Energy availability and cost	May affect operating costs and resilience of production.	Assess energy efficiency, progressively evaluate renewable energy options, and monitor grid reliability, natural gas supply and access to additional energy capacity to support future growth.
Water stress	May affect production continuity, purified-water and WFI processes, distribution and asset resilience at manufacturing sites.	Monitor exposed sites, invest in drainage and site resilience, maintain business continuity planning, and review water-efficiency equipment.
Import and supply chain continuity	May affect availability and cost of imported APIs.	Monitor import lead times and currency exposure; maintain buffer inventory for critical inputs; pursue registration of alternate qualified sources where permitted.
Customer, lender and regulatory expectations	May affect revenue, access to finance, financing terms and climate-related data requirements.	Improve climate-related data quality, engage with lenders and regulators, and align metrics with Section 6 disclosures.

Overall, the Group's resilience depends on available operating cash flows, committed financing facilities, the ability to phase capital expenditure, the extent to which alternate API sources can be qualified within existing arrangements, and the extent to which existing manufacturing assets can be upgraded or protected against physical climate hazards. In this first-year sustainability report, the Group concludes that its strategy remains adaptable, but that continued investment in data quality, supplier engagement, site resilience and capital allocation processes will be needed as climate-related risks and opportunities evolve.

5. Risk Management

5.1 Policies and processes used to identify, assess, monitor and manage SRROs and CRROs

The Group manages sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) through its existing enterprise risk management (ERM) framework and supporting operational control systems across its manufacturing facilities. Sustainability and climate considerations are evaluated within the Group's broader risk universe and are assessed, monitored and escalated through established governance channels, including management reviews and Board-level oversight, principally via the Audit Committee.

Process step	Description
Risk identification	Risk identification at functional and site level across the Group's manufacturing, distribution and administrative functions.
Risk assessment	Assessment using defined likelihood and impact considerations and assignment of risk ratings.
Risk response planning	Mitigation actions and assignment of accountable owners within relevant functions (EHS, Procurement, Quality, Regulatory Affairs).
Monitoring and reporting	Ongoing monitoring and reporting, including periodic review and escalation through management and governance forums.

5.2 Integration of SRRO/CRRO risk management into the overall ERM framework

The Group's risk management processes for SRROs and CRROs are not separate stand-alone systems; they are implemented through the Group's existing ERM architecture across functions and sites. SRROs and CRROs identified at function and site level are periodically consolidated and escalated to the Board/Audit Committee as part of regular governance reporting. Environment-related risks are additionally monitored through EHS operational controls at each manufacturing site.

5.3 Linkage to governance, strategy, and metrics & targets

The Group's risk management processes link to governance (Section 3), where the Board oversees the Group's material SRROs and CRROs; strategy (Section 4), where responses to the prioritized SRROs and CRROs tracked through ERM are described; and metrics and targets (Section 6), where the monitoring of relevant indicators supports risk monitoring and management decision-making.

6. Metrics

The Group uses sustainability- and climate-related metrics to provide decision-useful information regarding exposure to SRROs and CRROs, to support governance oversight, and to strengthen the integration of sustainability considerations into strategic and operational decision-making. The metrics disclosed in this section reflect information monitored by the Group for FY2026. The metrics in this report have not been subject to independent external assurance.

6.1 Climate-related metrics

6.1.1 Energy consumption and energy mix

Metric	Unit	FY2026
Electrical energy from grid	GJ	25,538
Electrical energy from renewable sources (solar)	GJ	7,037
Energy from non-renewable fuels	GJ	81,112
Total energy consumption	GJ	113,687
Renewable share of total energy	%	6%

Total energy consumption comprises grid electricity, solar electricity, natural gas and fuel.

6.1.2 Scope 1 and Scope 2 emissions

The Group calculated Scope 1 and Scope 2 emissions in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard, consistent with IFRS S2 requirements, consolidated using the operational control approach across its manufacturing facilities.

Metric	Unit	FY2026
Scope 1 emissions	tCO ₂ e	4,956
Scope 2 emissions	tCO ₂ e	3,396
Total Scope 1 + Scope 2 emissions	tCO ₂ e	8,352

Emission factors were sourced from the Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, the GHG Protocol Emission Factor Database, and electricity emission factors published by the National Electric Power Regulatory Authority (NEPRA), as applicable to the Group's sites in Pakistan. Scope 2 emissions are reported using the location-based method; the Group has not entered into any contractual instruments that would require presentation of market-based Scope 2 emissions. Scope 1 and Scope 2 emissions are shown separately, and no further disaggregation by facility or greenhouse gas is presented in this first-year report.

6.1.3 Water withdrawal

Metric	Unit	FY2026
Total water withdrawn	m ³	260,520

6.1.4 Waste generated and classification

Metric	Unit	FY2026
Total waste generated	tonnes	83
Hazardous waste	tonnes	16
Non-hazardous waste	tonnes	67

6.2 Non-climate sustainability metrics

6.2.1 Business ethics and corporate governance

Metric	Unit	FY2026
Employees covered under Code of Conduct	%	100
Confirmed incidents of corruption	Number	0
Independent directors on the Board	Number	2

6.2.2 Operational efficiency

Metric	Unit	FY2026
Energy consumption per unit of production	GJ per pack	0.0017
Waste generated per unit of production	kg per pack	0.001

6.3 Social and product responsibility metrics

6.3.1 Human rights and labour practices

Metric	Unit	FY2026
Total number of incidents of discrimination	Number	0

6.3.2 Diversity, Equity and Inclusion (DEI)

Metric	Unit	FY2026
Percentage of female employees	%	3

The Group's pay scales do not differ between male and female employees performing equivalent roles.

6.3.3 Antimicrobial Resistance (AMR) and Drug Safety

Indicator	Status
Policies addressing responsible antibiotic use	Yes
Pharmacovigilance system in place	Yes

7. Events after the reporting period

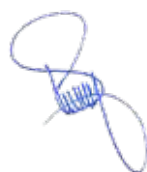
No transactions, events, or conditions that require further disclosure have occurred after the reporting period and up to the date of authorisation for issue of this report.

8. Approval and authorisation for issue

This report was approved and authorised for issue by the Board of Directors of the Holding Company on 29 September 2026.



Chief Executive Officer

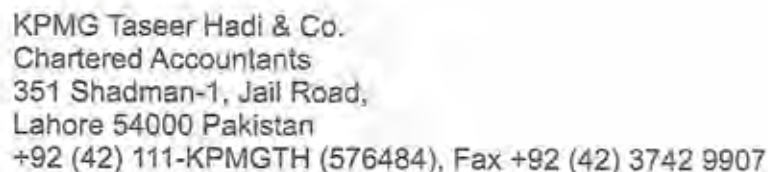


Chief Financial Officer



Director

INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE STATEMENT OF COMPLIANCE
CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)



To the members of Ferozsons Laboratories Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Ferozsons Laboratories Limited** ("the Company") for the year ended 30 June 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2026.

Wang Xiaohua

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 05 October 2026

UDIN: CR202610183Sw0da9zre

STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: Ferozsons Laboratories Limited
Year ended: 30 June 2026

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is seven (7), as per the following:

Gender	Number
Male	04
Female	03

2. The composition of the Board is as follows:

Category	Names
Independent Directors*	Mr. Arshad Saeed Husain
	Mr. Suleman Ghani
Non-Executive Director	Mr. Shahid Anwar
Executive Director	Mr. Osman Khalid Waheed
Female Directors (Non-Executive)	Mrs. Akhter Khalid Waheed – Deceased**
	Mrs. Amna Piracha Khan
	Mrs. Munize Azhar Peracha

* In order to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, two independent directors were elected on the Board of Directors upon the maturity of the existing term, whereas the code requires to appoint at least two or one-third of the board members (whichever is higher). The fraction of 0.33 was not rounded up as the two appointed independent directors fairly protected the interests of the shareholders.

** Mrs. Akhter Khalid Waheed passed away on 1 June 2026, resulting in a casual vacancy on the Board. The vacancy was filled through the election of directors held on 3 July 2026, at which seven directors were elected for the next term.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to the frequency, recording and circulating minutes of meetings of the Board;

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and the Regulations;

9. All the directors have either attended the Directors' Training Program or have a minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from the Directors' Training Program;

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations;

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval by the Board;

12. The Board has formed committees comprising members given below:

Audit Committee	
Names	Composition
Mr. Arshad Saeed Husain	Chairman
Mrs. Amna Piracha Khan	Member
Mr. Shahid Anwar	Member
Mr. Suleman Ghani	Member

HR and Remuneration Committee	
Names	Composition
Mr. Arshad Saeed Husain	Chairman
Mr. Osman Khalid Waheed	Member
Mrs. Munize Azhar Peracha	Member
Mr. Shahid Anwar	Member

Investment Committee	
Names	Composition
Mr. Suleman Ghani	Chairman
Mr. Osman Khalid Waheed	Member
Mr. Shahid Anwar	Member

The Board has not formed the 'Nomination Committee', Risk Management Committee' and 'Sustainability Committee' as responsibilities of these committees are being taken care of at the Board Level as and when required. Subsequent to the year ended 30 June 2026, the Board approved the delegation of sustainability oversight responsibilities to the Audit Committee.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees was as per the following:

Meetings	Frequency
Audit Committee	4
HR and Remuneration Committee	1

15. The Board has outsourced the internal audit function to Messrs EY Ford Rhodes Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

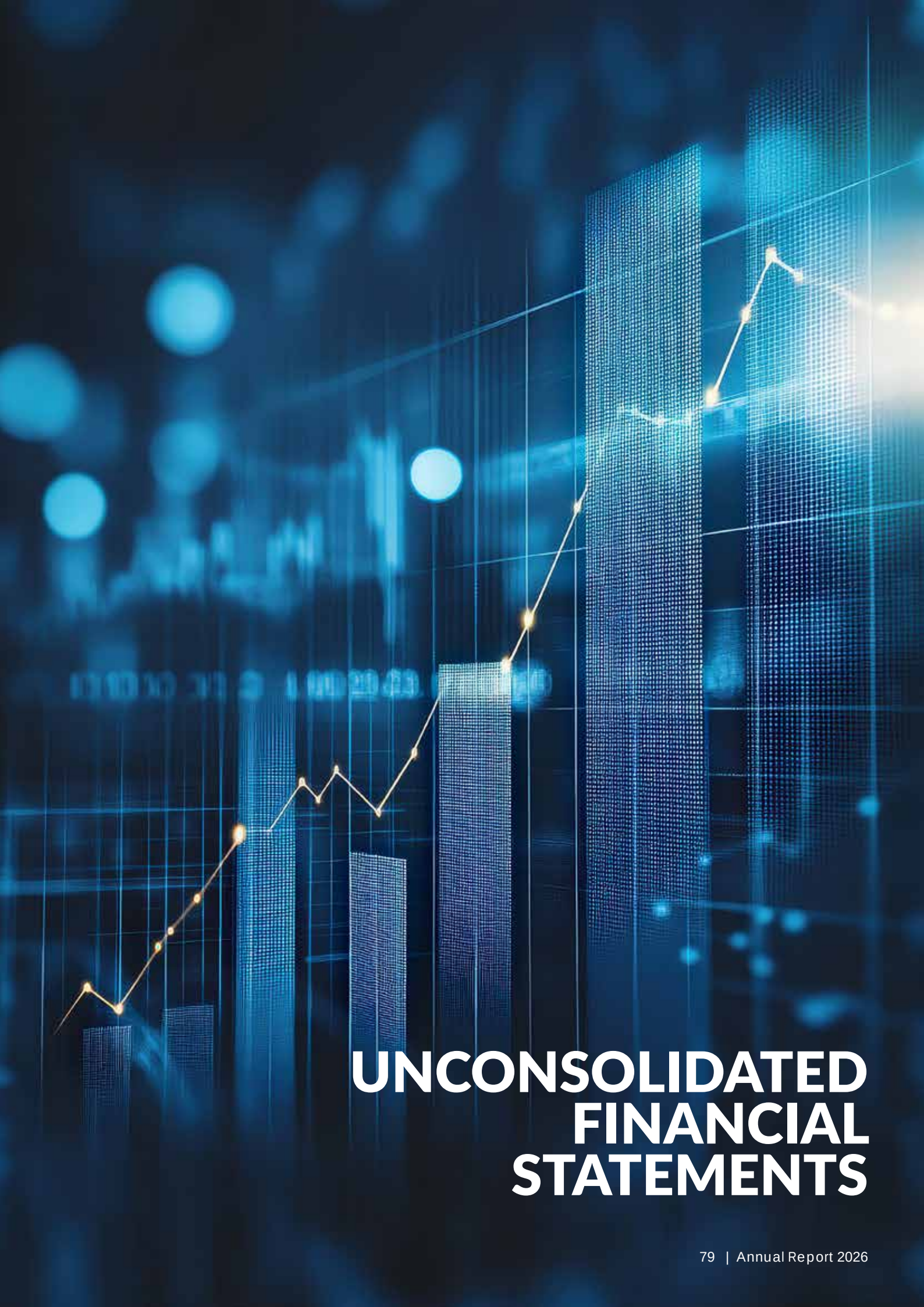
17. The statutory auditors or persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Mrs. Amna Piracha Khan
Chairperson

Lahore
29 September 2026



UNCONSOLIDATED FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ferozsons Laboratories Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2026, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2026 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Handwritten signature



KPMG Taseer Hadi & Co.

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	Revenue Recognition Refer to notes 4.15.1 and 28 to the unconsolidated financial statements. The Company recognized revenue of Rs. 15,757.02 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2026. Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. Consequently, there might be pressure to achieve forecasted results. This could lead to an increased audit risk relating to revenues recorded near reporting date. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue may be recognized without transferring the control near reporting date.	Our audit procedures to assess recognition of revenue, amongst others, included the following: • obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of the relevant internal controls identified in such process; • assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting and reporting standards in Pakistan; • verifying a sample of revenue transactions with sales orders, sales invoices, delivery documents and other relevant underlying documents to assess whether the related revenue was recorded in accordance with the Company's accounting policy; • verifying, on a sample basis, credit notes issued after the financial year end date to determine whether they were recognized in the appropriate financial reporting period; • assessing the appropriateness of journal entries posted to the revenue account during the year by drawing a sub-population meeting certain specific risk based criteria and comparing the details of such journal entries with the underlying documentation and accounting records; and • assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the chairperson's review report, directors' report, key operating and financial data, horizontal analysis, vertical analysis and dupont analysis included in the annual report for the year ended 30 June 2026, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon. Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



KPMG Taseer Hadi & Co.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



KPMG Taseer Hadi & Co.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: 05 October 2026

UDIN: AR202610183UYPIyD5Z

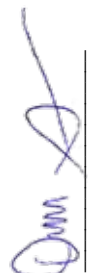
KPMG Taseer Hadi & Co.
Chartered Accountants

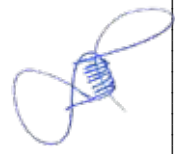
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Ferozsons Laboratories Limited
Unconsolidated Statement of Financial Position
As at 30 June 2026

EQUITY AND LIABILITIES	Note	2026	2025	ASSETS	Note	2026	2025
		Rupees	Rupees			Rupees	Rupees
Share capital and reserves				Non current assets			
Authorized share capital				Property, plant and equipment	17	6,220,666,959	6,322,793,986
150,000,000 (2025: 150,000,000) ordinary shares of Rs. 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>	Intangible assets	18	7,584,586	23,644,069
				Long term investments - related parties	19	467,642,219	428,536,102
				Long term deposits		<u>79,424,695</u>	<u>30,987,166</u>
						6,775,318,459	6,805,961,323
Issued, subscribed and paid up capital	5	434,690,520	434,690,520	Current assets			
Capital reserve	6	321,843	321,843	Stores, spare parts and loose tools	20	308,227,126	110,979,476
Revaluation surplus on property, plant and equipment	7	2,917,104,790	3,043,578,504	Stock in trade	21	5,720,530,458	4,925,439,120
Accumulated profit		<u>6,538,966,843</u>	<u>5,886,718,190</u>	Trade debts	22	2,206,607,637	2,097,262,852
		9,891,083,996	9,365,309,057	Loans and advances	23	161,848,720	158,050,821
Non current liabilities				Deposits and prepayments	24	97,843,011	194,490,091
Long term loans - secured	8	90,440,194	113,085,333	Other receivables	25	79,267,105	238,552,201
Long term musharaka - secured	9	112,670,085	167,505,671	Advance income tax - net	26	340,519,929	398,675,869
Deferred grant	10	20,795,560	33,181,577	Short term investments	26	-	402,631,388
Deferred taxation	11	812,670,935	978,568,188	Cash and bank balances	27	361,118,010	345,584,088
		<u>1,036,576,774</u>	<u>1,292,340,769</u>			9,275,961,996	8,871,665,906
Current liabilities						16,051,280,455	15,677,627,229
Current portion of:							
- Long term loans - secured	8	22,682,618	20,649,201				
- Long term musharaka - secured	9	52,942,068	47,046,072				
- Deferred grant	10	12,348,541	14,381,958				
Trade and other payables	12	2,280,583,557	2,224,133,875				
Contract liabilities	13	205,967,874	319,467,819				
Short term borrowings - secured	14	2,359,497,936	2,218,996,474				
Unclaimed dividend		105,054,541	99,116,101				
Accrued mark-up	15	84,542,550	76,185,903				
		<u>5,123,619,685</u>	<u>5,019,977,403</u>				
		16,051,280,455	15,677,627,229				
Contingencies and commitments	16						

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

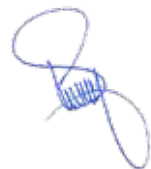
Ferozsons Laboratories Limited
Unconsolidated Statement of Profit or Loss
For the year ended 30 June 2026

	Note	2026 Rupees	2025 Rupees
Revenue - net	28	15,757,023,896	13,857,966,939
Cost of sales	29	(9,130,694,142)	(8,138,776,842)
Gross profit		6,626,329,754	5,719,190,097
Administrative expenses	30	(930,397,137)	(807,657,382)
Selling and distribution expenses	31	(4,261,066,227)	(3,477,954,211)
Other expenses	32	(115,262,724)	(124,681,258)
Other income	33	136,514,035	150,674,134
Allowance for credit loss	22.1 & 24.2	(65,075,063)	(83,184,976)
Profit from operations		1,391,042,638	1,376,386,404
Finance cost	34	(318,509,273)	(452,817,730)
Profit before minimum tax and income tax		1,072,533,365	923,568,674
Minimum tax	35	(30,135,605)	(27,068,982)
Profit before income tax		1,042,397,760	896,499,692
Income tax	36	(391,495,783)	(368,256,855)
Profit after taxation		650,901,977	528,242,837
Earnings per share - basic and diluted	37	14.97	12.15

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2026

	2026 Rupees	2025 Rupees
Profit after taxation	650,901,977	528,242,837

Items that will not be subsequently reclassified to profit or loss

Effect on deferred tax on revaluation surplus due to change in effective tax rate

48,749,170	-
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Other comprehensive income

48,749,170 -

Total comprehensive income for the year

699,651,147	528,242,837
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The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited
Unconsolidated Statement of Changes in Equity
For the year ended 30 June 2026

Balance as at 01 July 2024

Total comprehensive income for the year

Profit after taxation
Other comprehensive income

Surplus transferred to accumulated profit

- on account of incremental depreciation on property, plant and equipment charged during the year - net of tax
- transfer from surplus on revaluation of fixed assets on disposal

Transactions with owners of the Company, recognized directly in Equity - Distributions

- final dividend for the year ended 30 June 2024 at Rs. 3 per share

Balance as at 30 June 2025

Total comprehensive income for the year

Profit after taxation
Other comprehensive income

Surplus transferred to accumulated profit

- on account of incremental depreciation on property, plant and equipment charged during the year - net of tax
- transfer from surplus on revaluation of fixed assets on disposal - net of tax

Transactions with owners of the Company, recognized directly in Equity - Distributions

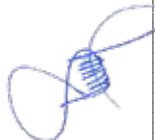
- final dividend for the year ended 30 June 2025 at Rs. 4 per share

Balance as at 30 June 2026

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Share capital (Note 5)	Capital Reserve		Revenue Reserve		Total
	Capital reserve (Note 6)	Revaluation surplus on property, plant and equipment (Note 7)	Accumulated profit		
434,690,520	321,843	3,212,263,581	5,320,197,432		8,967,473,376
-	-	-	528,242,837		528,242,837
-	-	-	528,242,837		528,242,837
-	-	(165,205,522)	165,205,522		-
-	-	(3,479,555)	3,479,555		-
-	-	(168,685,077)	168,685,077		-
-	-	-	(130,407,156)		(130,407,156)
434,690,520	321,843	3,043,578,504	5,886,718,190		9,365,309,057
-	-	-	650,901,977		650,901,977
-	-	48,749,170	-		48,749,170
-	-	48,749,170	650,901,977		699,651,147
-	-	(170,622,096)	170,622,096		-
-	-	(4,600,788)	4,600,788		-
-	-	(175,222,884)	175,222,884		-
-	-	-	(173,876,208)		(173,876,208)
434,690,520	321,843	2,917,104,790	6,538,966,843		9,891,083,996

Ferozsons Laboratories Limited
Unconsolidated Statement of Cash Flows
For the year ended 30 June 2026

	Note	2026 Rupees	2025 Rupees
Cash flow from operating activities			
Profit before income tax		1,042,397,760	896,499,692
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	17.4	646,796,655	623,031,903
Amortisation of intangible assets	18.1	24,114,313	16,841,157
Provision of loss allowance	22.1 & 24.2	65,075,063	83,184,976
Net realisable value adjustment for the year	21.1	1,965,246	106,488,568
(Reversal)/provision for slow moving stock in trade	21.3	(7,340,954)	1,955,157
Gain on disposal of property, plant and equipment	17.5	(23,985,988)	(21,243,854)
Finance costs	34	318,509,273	452,817,730
Gain on re-measurement of short term investments to fair value	26.1	-	(54,241)
Gain on sale of short term investments	26.1	(33,646,619)	(29,022,760)
Dividend income	33.1	(62,720)	(50,437,326)
Profit on bank deposits	33.1	(3,012,654)	(3,860,877)
Share in profit of Farmacia	33.2	(39,106,117)	(27,472,547)
Workers' Profit Participation Fund	12.2	57,787,698	49,957,951
Central Research Fund	12.3	11,674,282	10,092,515
Workers' Welfare Fund	12.4	25,432,890	25,632,400
Minimum tax	35	30,135,605	27,068,982
		1,074,335,973	1,264,979,734
Cash generated from operations before working capital changes		2,116,733,733	2,161,479,426
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(197,247,650)	(29,267,881)
Stock in trade		(789,715,630)	(1,061,067,691)
Trade debts - considered good		(167,662,428)	30,166,132
Loans and advances - considered good		(3,797,899)	10,819,473
Deposits and prepayments		89,889,660	(26,039,796)
Other receivables		159,285,096	(4,713,899)
		(909,248,851)	(1,080,103,662)
(Decrease) / Increase in current liabilities			
Trade and other payables		25,793,534	609,482,055
Contract liability		(113,499,945)	12,850,585
		1,119,778,471	1,703,708,404
Cash generated from operations		1,119,778,471	1,703,708,404
Income tax paid		(450,487,926)	(452,506,651)
Minimum tax paid		(30,135,605)	(27,068,982)
Workers' Profit Participation Fund paid	12.2	(54,146,207)	(35,251,527)
Central Research Fund paid	12.3	(10,092,515)	(6,626,135)
Workers' Welfare Fund paid	12.4	-	(28,326,215)
Net cash generated from operating activities		574,916,218	1,153,928,894
Cash flow from investing activities			
Fixed capital expenditure incurred		(574,639,370)	(332,290,023)
Acquisition of intangibles		(8,054,830)	-
Dividend income received		62,720	50,437,326
Proceeds from sale of property, plant and equipment	17.5	53,955,730	39,710,609
Profit on bank deposits received	33.1	3,012,654	3,860,877
Short term investments - net	26.1	436,278,007	1,987,592
Increase in long term deposits		(48,437,529)	(21,209,841)
Net cash used in investing activities		(137,822,618)	(257,503,460)
Cash flow from financing activities			
Long term loan and musharaka received		-	122,376,620
Short term borrowings - net		(54,946,907)	386,085,160
Long term loan and musharaka repaid		(83,970,746)	(76,708,880)
Finance cost paid		(310,152,626)	(548,947,175)
Dividend paid		(167,937,768)	(127,798,418)
Net cash used in financing activities		(617,008,047)	(244,992,693)
Net (decrease) / increase in cash and cash equivalents		(179,914,447)	651,432,741
Cash and cash equivalents at the beginning of the year		(187,529,437)	(838,962,178)
Cash and cash equivalents at the end of the year		(367,443,884)	(187,529,437)
Cash and cash equivalents comprise of the following			
Cash and bank balances	27	361,118,010	345,584,088
Short term borrowings - secured	14	(728,561,894)	(533,113,525)
		(367,443,884)	(187,529,437)

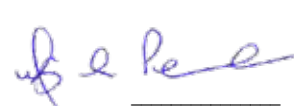
The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2026

1 Reporting entity

Ferozsons Laboratories Limited ("the Company") was incorporated as a private limited company on 28 January 1954 and commenced its commercial operations in 1956. The Company was converted into a public limited company on 08 September 1960. The Company is listed on Pakistan Stock Exchange and is primarily engaged in the imports, manufacture and sale of pharmaceutical products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the manufacturing facility is located at Nowshera, Khyber Pakhtunkhwa.

2 Basis of preparation

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries are accounted for at cost. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

<u>Name of the company / firm</u>	<u>Shareholding</u>
- BF Biosciences Limited (Subsidiary)	57.36%
- Farmacia (Partnership firm)	98%

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- land, building and machinery at revalued amount as referred in note 7; and
- certain financial instruments at fair value through profit and loss account as referred in note 4.5.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment made by management in the application of approved accounting standards that is relevant to the unconsolidated financial statements is as follows:

2.5.1 Tax Contingencies

The Company reviews the status of all pending tax litigations and claims against the Company. Based on its judgment and the advice of the tax and legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these tax litigations and claims can have an effect on the carrying amounts of the related assets and liabilities recognized at the statement of financial position date.

2.6 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2025 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated financial statements.

3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

3.1 The following accounting and reporting standards as applicable in Pakistan and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2026:

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

- Other related amendments:

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards - Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

- The amendments to IFRS 9 address:

- A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables:

Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price - e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Contracts Referencing Nature-dependent Electricity - (Amendments to IFRS 9 and IFRS 7) address the challenges faced by Companies in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity - sometimes referred to as renewable power purchase agreements (PPAs). The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments Disclosures.

The amendments include guidance on:

- The 'own-use' exemption for purchasers of electricity under such PPAs; and
- Hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.

The amendments for the own-use exemption:

- Existing IFRS 9 guidance left ambiguity on whether PPAs could qualify for the own-use exemption (i.e., not accounted for as derivatives).

- The amendments allow a company to apply the own-use exemption to PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period.
- The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application, without requiring prior periods to be restated.

The amendments for hedge accounting:

- Virtual PPAs and other PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Hedge accounting under IFRS 9 can help reduce volatility by reflecting how PPAs hedge future electricity purchases or sales, but applying it presents challenges. A key issue arises from a mismatch between the P50 estimate used to measure the PPA and the P90 estimate required for the highly probable hedged transaction, which may prevent hedge accounting qualification. Subject to certain conditions, the amendments permit designation of a variable nominal volume of forecasted renewable electricity sales or purchases as the hedged transaction, rather than a fixed volume based on P90 estimates. This variable volume reflects what is expected to be delivered by the referenced generation facility, supporting an economic offset and enabling hedge accounting. A P50 estimate indicates the volume of energy production expected to be exceeded with 50 percent probability. A P90 estimate indicates the volume of energy production expected to be exceeded with 90 percent probability.
- The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship if the same hedging instrument is designated under the new requirements.

The new disclosure requirements:

- A company may apply the own-use exemption to certain PPAs under the amendments and therefore would not recognize these PPAs in its statement of financial position.
- Where this is the case, a company is required to disclose further information such as:
 - contractual features exposing the company to variability in electricity volume and risk of oversupply;
 - estimated future cash flows from unrecognized contractual commitments to buy electricity in appropriate time bands;
 - qualitative information about how the company assessed whether a contract might become onerous; and
 - qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used for the 'net-purchaser' assessment.

In addition, for PPAs designated in a cash flow hedging relationship, companies need to disaggregate the information disclosed about terms and conditions by risk category.

The amendments apply for reporting periods beginning on or after 1 January 2026.

Hyperinflationary presentation currency - (Amendments to IAS 21):

- There is currently no specific guidance for translating a company's financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. This scenario arises when a company presents its financial statements in a hyperinflationary currency but has:
 - a non-hyperinflationary functional currency; or
 - a hyperinflationary functional currency and a foreign operation with a non-hyperinflationary functional currency.

The amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates to clarifies that:

- a company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency;
- a company uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives; and
- restates the comparative information of the foreign operation included in the company's previously issued financial statements by applying the general price index under paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies.

The company is also required to disclose:

- that the amendments have been applied in translating financial statements; and, when applicable,
- summarized financial information about its foreign operations affected by the translation method.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The amendments and interpretations are not expected to have any significant impact on the Company's financial statements.

Adoption of IFRS 18 and IFRS 19

The Securities and Exchange Commission of Pakistan (SECP), vide S.R.O. 2444(I)/2025 dated December 12, 2025 has notified that "IAS-1, Presentation of Financial Statements", as referred to in the earlier notification S.R.O. No. 633(I)/2014, shall be replaced with "IFRS-18, Presentation and Disclosure in Financial Statements" and "IFRS-19, Subsidiaries without Public Accountability: Disclosures", and shall be followed for the preparation of financial statements for annual reporting periods beginning on or after January 01, 2027:

Provided that only unlisted subsidiaries without public accountability (i.e. unlisted companies other than those mentioned in clauses 1(b)(ii), 1(b)(iia) and 1(b)(iii) of the Third Schedule to the Act) may follow "IFRS-19, "Subsidiaries without Public Accountability: Disclosures" in preparation of their financial statements.

The management is in the process of assessing the impact on adoption of these standards on the Company.

4 Material accounting policies

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

4.1 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

4.1.1 Defined contribution plan

The Company operates an approved defined contributory Provident Fund Trust for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

4.1.2 Compensated absences

The Company provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the unconsolidated statement of profit or loss.

4.2 Taxation

Income tax expense comprises current tax and deferred tax. It is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in the statement of profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in the statement of other comprehensive income or directly in equity, respectively).

4.2.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous periods. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

4.2.2 Deferred taxation

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in the statement of profit or loss, any related tax effects are also recognized in the statement of profit or loss.

For transactions and other events recognized outside the statement of profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in the statement of other comprehensive income or directly in equity, respectively).

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.2.3 Final tax and minimum tax

Tax charged under the Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/ IAS 37.

4.3 Property, plant and equipment

4.3.1 Owned

Property, plant and equipment of the Company other than freehold land, building on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount carried out by external valuers by reference to its current market price less impairment loss, if any. Building on freehold land and plant and machinery are stated at revalued amount carried out by external valuers by reference to its current market price less accumulated depreciation and impairment loss, if any.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Depreciation charge is based on the straight-line method whereby the cost of an asset, except for freehold land, is written off to unconsolidated statement of profit or loss over its estimated useful life after taking into account the residual value, if any.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment, other than freehold land, that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to unconsolidated statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset, and depreciation based on the asset's original cost is transferred to 'retained earnings net of related deferred tax'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in consolidated statement of profit or loss. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to retained earnings.

4.3.2 Capital work in progress

Capital work-in-progress is stated at cost less impairment loss if any and consists of expenditure made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use. Cost also includes applicable borrowing cost.

4.4 Intangibles

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized on straight-line basis. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.5 Financial instruments

4.5.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

4.5.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVTPL) and in case of equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, trade debts and other receivables. Interest accrued on financial assets measured at amortized cost is presented separately in the statement of financial position. Such accrued interest is included in the amortized cost of the respective instruments for the purposes of IFRS 9.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss. The Company has classified its investments in mutual funds as at FVTPL. However, the Company is not holding any investments in mutual funds at reporting date.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend and short term borrowings.

Long term loans are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.5.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

4.5.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Investments

Investments in mutual funds are classified at fair value through profit or loss and are initially measured at fair value and is subsequently measured at fair value determined using the market value of instruments at each reporting date. Net gains and losses are recognized in the consolidated statement of profit or loss.

4.7 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

4.8 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For financial assets measured at amortized cost, recognition of impairment is based on expected credit loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Company has elected to measure loss allowances for trade debts including due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs.

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non - Financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.9 Investment in subsidiary

Investment in subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

4.10 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Estimates of the amount of provisions recognized are based on current legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

4.11 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are recognized in the unconsolidated statement of profit or loss.

4.12 Inventories

Inventories include stock in trade and stores, spare parts and loose tools.

These are stated at the lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, and valuation has been determined as follows:

Raw materials	Weighted average cost
Work-in-process and finished goods	Cost of direct materials, labor and appropriate manufacturing overheads

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale (selling expenses).

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Company reviews the carrying amounts of stock in trade and stores, spare parts and loose tools basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools. Carrying amount is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.13 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). These are classified at amortized cost and are initially recognized when they are originated and measured at invoice value. These assets are written off when there is no reasonable expectation of recovery. The policy for impairment of trade debtors on account of expected credit loss is mentioned in note 4.8 to the financial statements.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances and short term borrowings that are repayable on demand and form an integral part of the Company's cash management.

4.15 Revenue recognition

The Company is principally in the business of sale of pharmaceutical products and medical devices. Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

4.15.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discounts. The contract contains distinct goods to be delivered and a single performance obligation to be satisfied. Revenue is recognized at a point in time when customers obtain control of the goods, which occurs when the goods are either dispatched or delivered at the customers' premises. For export sales, revenue is recognized when control of the goods is transferred to the customer, in accordance with the applicable Incoterms.

4.15.2 Toll manufacturing

There are contracts with customers to manufacture, on their behalf, the pharmaceutical products using raw materials provided by the customer. Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts.

4.15.3 Other income

Other income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

4.15.4 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

4.16 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.17 Share capital and dividend

Ordinary shares are classified as equity and recognized at their fair value.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

4.18 Deferred grant

The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in unconsolidated statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

4.19 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.

4.20 Contingencies

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of profit or loss as incurred.

4.22 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has determined that the Chief Executive Officer of the Company, is the chief operating decision maker in accordance with the requirements of IFRS 8 "Operating Segments". The Company is primarily engaged in the imports, manufacture and sale of pharmaceutical products and medical devices which is its only operating segment.

	2026 Rupees	2025 Rupees
5 Issued, subscribed and paid up capital		
1,441,952 (2025: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2025: 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
41,907,500 (2025: 41,907,500) ordinary shares of Rs. 10 each issued as fully paid bonus shares	419,075,000	419,075,000
	434,690,520	434,690,520
5.1 KFW Factors (Private) Limited, an associated company holds 11,933,194 (2025: 11,933,194) ordinary shares of Rs. 10 each of the Company, representing 27.45% (2025: 27.45%) of the equity held.		

6 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil and Flour Mills Limited, since merged.

	2026 Rupees	2025 Rupees
7 Surplus on revaluation of property, plant and equipment - net of tax		
Revaluation surplus as at 01 July	3,994,187,324	4,268,495,603
Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - net of deferred tax	(170,622,096)	(165,205,522)
Related deferred tax liability	(100,206,628)	(105,623,202)
	(270,828,724)	(270,828,724)
Surplus transferred to accumulated profit:		
- on account of disposal during the year	(4,600,788)	(3,479,555)
- Related deferred tax liability	(2,702,050)	-
	(7,302,838)	(3,479,555)
Revaluation surplus as at 30 June	3,716,055,762	3,994,187,324
Less: Related deferred tax liability:		
- On revaluation surplus as at 01 July	(950,608,820)	(1,056,232,022)
- on disposals during the year	2,702,050	-
depreciation charged during the year	100,206,628	105,623,202
- tax rate adjustment	48,749,170	-
	(798,950,972)	(950,608,820)
Revaluation surplus as at 30 June	2,917,104,790	3,043,578,504

7.1 The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016, 2020 and 2024. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2024, that resulted in a further surplus of Rs. 3,206 million. Freehold land and buildings on freehold land have been carried at revalued amounts determined by professional valuers (level 2 measurement) based on their assessment of the market values. While the depreciated replacement cost approach is used for revaluation of plant and machinery. These revaluations had resulted in a cumulative surplus of Rs. 4,780 million, which has been included in the carrying values of freehold land, building on freehold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per acre for land.

Buildings on freehold land

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. The most significant input into this valuation approach was price per square foot for building.

Plant and machinery

Fair market value of plant and machinery was assessed by taking into account manufacturing cost of individual machines on the basis of material and technology used for manufacturing of the machine on international engineering standards and practice. The most significant input into this valuation approach was present operational condition and age of plant and machinery.

8 Long term loans - secured	Note	2026 Rupees	2025 Rupees
Allied Bank Limited - SBP LTFF Renewable Energy	8.1	67,407,407	86,666,662
Faysal Bank Limited - SBP Islamic Renewable Energy Finance Scheme	8.2	78,859,506	94,631,407
Accrued Markup	15	2,369,196	4,351,412
Total		148,636,109	185,649,481
Less: Impact of deferred grant	10	(33,144,101)	(47,563,535)
Total		115,492,008	138,085,946
Current portion of long term loans		(22,682,618)	(20,649,201)
Accrued Markup	15	(2,369,196)	(4,351,412)
Non current portion		90,440,194	113,085,333

8.1 This represents term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/commissioning of solar power systems to promote the use of renewable energy. The facility carries a sanctioned limit of Rs. 165 million and a fixed markup rate of 6% per annum (SBP rate of 2% plus the bank's spread of 4%) payable on quarterly basis. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20. The loan is repayable in 27 quarterly instalments. The facility is secured by a joint pari passu hypothecation charge over all present and future fixed assets (plant and machinery) of the Company, with a 25% margin.

8.2 This represents term finance facility under "SBP Islamic Renewable Energy Finance Scheme" introduced by Government of Pakistan in order to finance installation of solar power plant. The facility carries a sanctioned limit of Rs. 110 million and a fixed markup rate of 6% per annum (SBP rate of 2% plus the bank's spread of 4%) payable on quarterly basis. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20. The loan is repayable in 14 semi annual instalments. The facility is secured by a joint pari passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the Company, with a 25% margin.

9 Long term musharaka - secured	2026 Rupees	2025 Rupees
Islamic mode of financing		
First Habib Modaraba - Financial Institution	165,612,153	214,551,743
Total	165,612,153	214,551,743
Current portion of musharaka	(52,942,068)	(47,046,072)
Non current portion	112,670,085	167,505,671

9.1 This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba for the purpose of purchase of vehicles. The facility carries a sanctioned limit of Rs. 300 million and carries markup at the rate of 3 month KIBOR plus 0.9% payable on monthly basis. The loan is repayable in 60 equal monthly instalments in arrears starting from the date of inception of each contract. The facility is secured by a Hypothecation charge over the assets (i.e. vehicles), provided to the Company under this contract.

10 Deferred grant	2026 Rupees	2025 Rupees
Balance as at 01 July	47,563,535	57,072,052
Recognized during the year	-	5,784,517
Amortisation during the year	(14,419,434)	(15,293,034)
Unamortized balance of deferred grant	33,144,101	47,563,535
Less: Current maturity	(12,348,541)	(14,381,958)
Balance as at 30 June	20,795,560	33,181,577

10.1 This represents government grant recognized on long term loan (since the markup rate was lower than the market rate) as stated in note 8.1 & 8.2. The grant is being amortized on a systematic basis over the term of the loan.

11 Deferred taxation

The liability for deferred taxation comprises of temporary differences relating to:

Deferred tax liability on taxable temporary differences arising in respect of:

- Accelerated tax depreciation allowances
- Surplus on revaluation of property plant and equipment
- Unrealized gain on short term investments - mutual funds

Deferred tax asset on deductible temporary differences arising in respect of:

- Loss allowance against trade debts and earnest money
- Compensated absences and other provisions

11.1 Movement in deferred tax balances is as follows:

	2026						2025					
	(Reversal from) / charge to						(Reversal from) / charge to					
	Statement of profit or loss			Statement of other comprehensive income			Statement of profit or loss			Statement of other comprehensive income		
Balance as at 01 July	(Credited) / charged for the year	Effect of rate change	Effect of rate change	Balance as at 30 June	(Credited) / charged for the year	Balance as at 01 July	(Credited) / charged for the year	Effect of rate change	Effect of rate change	(Credited) / charged for the year	Balance as at 30 June	
----- Rupees -----												
Taxable temporary difference												
Accelerated tax depreciation allowances	187,412,217	13,443,763	(9,610,883)	-	-	174,942,532	12,469,685	-	-	-	187,412,217	
Surplus on revaluation of property, plant and equipment	950,608,820	(102,908,678)	-	(48,749,170)	-	1,056,232,022	(105,623,202)	-	-	-	950,608,820	
Unrealized gain on short term investments - mutual funds	13,563	(12,867)	(696)	-	-	9,750,512	(9,736,949)	-	-	-	13,563	
	1,138,034,600	(89,477,782)	(9,611,579)	(48,749,170)	-	1,240,925,066	(102,890,466)	-	-	-	1,138,034,600	
Deductible temporary difference												
Loss allowance against trade debts and earnest money	(128,220,475)	(24,077,772)	6,575,409	-	-	(95,778,333)	(32,442,142)	-	-	-	(128,220,475)	
Compensated absences and other provisions	(31,245,937)	(2,158,715)	1,602,356	-	-	(29,144,021)	(2,101,916)	-	-	-	(31,245,937)	
	(159,466,412)	(26,236,487)	8,177,765	-	-	(124,922,354)	(34,544,058)	-	-	-	(159,466,412)	
	978,568,188	(115,714,269)	(1,433,814)	(48,749,170)	-	1,116,002,712	(137,434,524)	-	-	-	978,568,188	

Taxable temporary difference

Accelerated tax depreciation allowances
Surplus on revaluation of property, plant and equipment
Unrealized gain on short term investments - mutual funds

Deductible temporary difference

Loss allowance against trade debts and earnest money
Compensated absences and other provisions

12	Trade and other payables	Note	2026 Rupees	2025 Rupees
	Trade creditors		1,416,179,907	1,602,941,718
	Accrued liabilities		487,168,221	300,503,271
	Tax deducted at source		19,185,097	33,636,869
	Provision for compensated absences	12.1	72,791,092	65,854,129
	Workers' Profit Participation Fund	12.2	57,787,698	49,957,951
	Central Research Fund	12.3	11,674,282	10,092,515
	Workers' Welfare Fund	12.4	61,840,241	36,407,351
	Advances from employees against purchase of vehicles		140,435,729	116,223,815
	Other payables		13,521,290	8,516,256
			<u>2,280,583,557</u>	<u>2,224,133,875</u>
12.1	Provision for compensated absences			
	Balance as at 01 July		65,854,129	54,552,817
	Provision for the year		120,305,734	113,189,375
			<u>186,159,863</u>	<u>167,742,192</u>
	Payments made during the year		(113,368,771)	(101,888,063)
	Balance as at 30 June		<u>72,791,092</u>	<u>65,854,129</u>
12.2	Workers' Profit Participation Fund			
	Balance as at 01 July		49,957,951	33,122,810
	Interest on funds utilized by the Company	34	4,188,256	2,128,717
	Provision for the year	32	57,787,698	49,957,951
			<u>111,933,905</u>	<u>85,209,478</u>
	Payments made during the year		(54,146,207)	(35,251,527)
	Balance as at 30 June		<u>57,787,698</u>	<u>49,957,951</u>
12.3	Central Research Fund			
	Balance as at 01 July		10,092,515	6,626,135
	Provision for the year	32	11,674,282	10,092,515
			<u>21,766,797</u>	<u>16,718,650</u>
	Payments made during the year		(10,092,515)	(6,626,135)
	Balance as at 30 June		<u>11,674,282</u>	<u>10,092,515</u>
12.4	Workers' Welfare Fund			
	Balance as at 01 July		36,407,351	39,101,166
	Provision for the year	32	25,432,890	25,632,400
	Payments made during the year		-	(28,326,215)
	Balance as at 30 June		<u>61,840,241</u>	<u>36,407,351</u>
13	Contract liabilities			
	Balance as at 30 June	13.1	<u>205,967,874</u>	<u>319,467,819</u>
13.1	This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue amounting to Rs. 289.53 million (2025: Rs. 211.99 million), out of the contract liability at beginning of the reporting period.			

14	Short term borrowings - secured	Note	2026 Rupees	2025 Rupees
	Short term borrowings - secured	14.1	2,359,497,936	2,218,996,474
	Accrued mark-up	15	82,173,354	71,834,491
			<u>2,441,671,290</u>	<u>2,290,830,965</u>
	Less:			
	Accrued markup presented separately	15	(82,173,354)	(71,834,491)
			<u>2,359,497,936</u>	<u>2,218,996,474</u>
14.1	Particulars of short term borrowings			
	Interest / markup based financing	14.2	728,561,894	533,113,525
	Islamic mode of financing	14.3	1,630,936,042	1,685,882,949
			<u>2,359,497,936</u>	<u>2,218,996,474</u>

14.2 Under mark-up arrangements

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,850 million (2025: Rs. 3,150 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2025: one to three months KIBOR plus 0% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,550 million (2025: Rs.2,850 million) can interchangeably be utilized as non-funded facilities.

These facilities of Rs. 2,850 million are secured by joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery (2025: Rs. 2,850 million are secured by joint pari passu charge over present and future current assets of the Company along with 25% margin over plant and machinery and lien on investments placed with HBL mutual funds). These facilities are renewable on annual basis latest by 30 June 2026.

14.3 Under Shariah compliant arrangements

The Company has short term borrowing facilities i.e. Running Musharaka available from various Islamic banks under profit arrangements, having sanctioned limit of Rs. 2,600 million (2025: Rs. 2,600 million). These facilities carry profit rate of one to three months KIBOR plus 0.10% to 0.25% (2025: one to three months KIBOR plus 0.1% to 0.25%) per annum on the outstanding balance. These facilities can interchangeably be utilized as non-funded facility up to Rs 2,000 million (2025: Rs. 2,000 million).

These facilities of Rs. 2,600 million are secured by joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery). This facility is renewable on annual basis latest by 30 November 2026.

15	Accrued mark-up	2026 Rupees	2025 Rupees
	Long term loans - secured		
	-Conventional Interest / mark-up based loans	1,078,782	1,365,297
	-Islamic mode of financing	1,290,414	2,986,115
		<u>2,369,196</u>	<u>4,351,412</u>
	Short term borrowings - secured		
	-Conventional Interest / mark-up based loans	31,635,842	27,479,371
	-Islamic mode of financing	50,537,512	44,355,120
		<u>82,173,354</u>	<u>71,834,491</u>
		<u>84,542,550</u>	<u>76,185,903</u>

16 Contingencies and commitments

16.1 Contingencies

16.1.1 Tax Contingencies

16.1.1.1 In April 2019 the ACIR issued notice to the Company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2017. The proceedings were concluded in December 2020 and an order was issued amounting to Rs. 84,319,918 on various contentions, which mainly includes WHT implications on cost of sales purchases, amortization of expenses related to conference, seminars & trainings and promotional expenses. The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and remanded back the remaining matters for fresh consideration. The Company had filed an appeal against this order before the Appellate Tribunal Inland Revenue, which was subsequently decided in the favor of the Company. The Department filed reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.2 The Additional Commissioner Inland Revenue (ACIR) issued an order for Tax Year 2020 under section 122(5A) of the Income Tax Ordinance, 2001 on May 17, 2023, increasing the tax liability by Rs.68,568,159 on various contentions, which mainly includes discounts on sales, amortisation of expenses related to conferences, seminars & trainings, advertisement expenses, amount added u/s 18(1)d and u/s 23 of ITO, 2001. The Company had filed an appeal against this demand before Commissioner Appeals who confirmed the advertisement and conference, seminars & trainings as additions to the income while deleted the remaining matters. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.3 In July 2022 the DCIR has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs.55,674,204 based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers. Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2023, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. In May 2024 appeal effect proceedings were initiated and Company submitted the required data. On 28 June 2025 the DCIR passed an order with a demand of Rs.1,802,320 under section 161 of the Ordinance and charged default. The Company has filed an appeal against this demand before Commissioner Appeals in July 2025. During pendency of this appeal the department adjusted this demand on 29 December 2025 while issuing income tax refund for the year 2017. The Company has filed an appeal against this adjustment before Commissioner Appeals in January 2026 which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.4 In April 2019, the ACIR issued notice to the Company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions, which mainly includes advertisement & publicity, medical research, trade creditors, additions u/s 111(1)(d), other revenues claimed as exempt added u/s 39, share in AOP taxed in hands of taxpayer u/s 92 read with sec. 18 and the earnest money written off u/s 29. The Company had filed an appeal against this demand before CIR (A) who deleted additions on account of section 111(1)(d), other revenue and share in AOP while remanded back the matters relevant to adjustable tax, trade creditors, tax credit and exchange loss. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. The Department filed a reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 16.1.1.5** On January 28, 2025, the Company received a notice under section 122(5A) of the Income Tax Ordinance, 2001 in respect of Tax Year 2023 regarding the disallowance of Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) expenses under sections 60A and 60B of the Ordinance, on account of non-payment. The Company submitted its reply to the notice. The DCIR passed an order disallowing WPPF expense of Rs.13,738,238 and WWF expense of Rs. 4,156,382 and created a demand of Rs. 5,357,913 and Rs. 1,620,990 in respect of WPPF and WWF respectively. Subsequently, the Company filed an appeal against the said order before the Commissioner Appeals which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.6** On 28 January 2025, the Company received a notice under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 in respect of Tax Year 2024 regarding the disallowance of Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) expenses under sections 60A and 60B of the Ordinance, on account of non-payment. The Company submitted its reply to the notice. Subsequently, on May 30, 2025, the Additional Commissioner Inland Revenue passed an order disallowing WPPF expense of Rs.32,799,369 and WWF expense of Rs. 2,071,112 and created a demand of Rs. 12,791,754 and Rs. 807,734 respectively. The Company filed an appeal against the said order before the Commissioner (Appeals) on June 25, 2025, which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.7** In January 2023, the Company received a notice under section 221(2) of the Income Tax Ordinance, 2001 regarding adjustment of Workers' Welfare Fund (WWF) against income tax refund for the Tax Year 2021. The Company submitted its reply to the notice. Subsequently, on April 29, 2025, the Deputy Commissioner Inland Revenue (DCIR) passed an order creating a demand of Rs. 19,312,085. The Company filed an appeal against the said order before the Commissioner Appeals in May 2025, which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.8** On December 29, 2025, the Deputy Commissioner Refund (DCR) passed orders under Section 170(4) of the Income Tax Ordinance, 2001, whereby refunds amounting to Rs. 19,912,408 and Rs. 69,744,779 were issued, while refunds amounting to Rs. 10,806,187 and Rs. 11,976,342 relating to Tax Years 2017 and 2018, respectively, were rejected. Further, a demand amounting to Rs. 3,315,676 for Tax Year 2018 was adjusted. Subsequently, the Company filed appeals against the said orders before the Commissioner Appeals in January 2026, which are pending adjudication. Management is confident that the eventual outcome of the matters will be decided in favor of the Company.
- 16.1.1.9** On 20 April 2026, the Assessing Officer levied default surcharge through an order under sections 205/137 of the Income Tax Ordinance, 2001, amounting to Rs. 24,528,365. The matter relates to the levy of default surcharge by the tax authorities in respect of an alleged default in payment of Super Tax under section 4C of the Income Tax Ordinance, 2001 for Tax Year 2022. The Company filed an appeal against the said demand before the Commissioner Inland Revenue Appeals, which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.2 Guarantees issued by banks on behalf of the Company

16.1.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 1,000 million (2025: Rs. 1,200 million) for letter of guarantees (which is the sub-limit of running finance and letter of credit), the amount utilized as at 30 June 2026 was Rs. 657.60 million (2025: Rs. 575.72 million).

16.1.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 275 million (2025: Rs. 275 million) available from Islamic bank. The amount utilized at 30 June 2026 was Rs. 4.49 million (2025: Rs. 4.49 million).

16.1.2.3 Guarantees issued by the Company on behalf of the Subsidiary

The Company has approved limit for cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2025: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2025: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

16.2 Commitments

16.2.1 Letter of credits

16.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 3,650 million (2025: Rs. 3,950 million) for opening letters of credit, the amount utilized as at 30 June 2026 for capital expenditure was Rs. Nil (2025: Rs. 310.93 million) and for other than capital expenditure was Rs. 460.82 million (2025: Rs.192.29 million). These facilities are secured by either joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery and lien over the import documents (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery, lien on investments placed with HBL mutual funds and lien over the import documents).

16.2.1.2 Under Shariah compliant arrangements

The Company has facilities i.e. letters of credit of Rs. 2,500 million (2025: Rs. 2,500 million) available from Islamic banks. The amount utilized as at 30 June 2026 for capital expenditure was Rs. Nil (2025: Rs. Nil) and for other than capital expenditure was Rs. 191.52 million (2025: Rs. 290.13 million). These facilities are secured by either joint pari passu charge over all present and future current assets and plant and machinery of the Company with 25% margin and lien over import documents (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery and lien over import documents).

16.2.2 Under Shariah compliant arrangements – Ijarah Commitments

The Company has entered into Ijarah arrangements for vehicles with various Islamic banks. Aggregate commitments for these Ijarah arrangements as at 30 June 2026, are as follows:

	Note	2026 Rupees	2025 Rupees
Future payments under Ijarah:			
Not later than one year		147,832,154	55,128,345
Later than one year but not later than five years		483,827,477	216,086,563
Later than five years		-	-
		<u>631,659,631</u>	<u>271,214,908</u>

17 Property, plant and equipment

Operating fixed assets	17.1	6,053,763,781	6,287,263,660
Capital work in progress	17.6	166,903,178	35,530,326
		<u>6,220,666,959</u>	<u>6,322,793,986</u>

17.1 Operating fixed assets

Owned									
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total	
Note	-----Rupees-----								
30 June 2026									
Cost / revalued amount									
17.1.2	Balance as at 01 July 2025	1,637,700,000	1,635,097,097	2,884,323,280	157,442,129	129,202,992	129,785,311	873,567,848	7,447,118,657
	Additions / transfers	-	6,267,625	344,475,937	14,217,155	5,497,989	32,635,205	40,172,607	443,266,518
	On disposals / write offs	-	-	(15,483,017)	(157,500)	-	(2,871,882)	(94,943,675)	(113,456,074)
17.1.1	Balance as at 30 June 2026	1,637,700,000	1,641,364,722	3,213,316,200	171,501,784	134,700,981	159,548,634	818,796,780	7,776,929,101
Depreciation									
	Balance as at 01 July 2025	-	161,602,691	274,352,138	108,361,784	94,928,533	99,209,852	421,399,999	1,159,854,997
	Charge for the year	-	163,899,153	293,763,996	11,388,928	11,803,162	21,190,453	144,750,963	646,796,655
	On disposals / write offs	-	-	(1,935,377)	(125,125)	-	(2,841,063)	(78,584,767)	(83,486,332)
	Balance as at 30 June 2026	-	325,501,844	566,180,757	119,625,587	106,731,695	117,559,242	487,566,195	1,723,165,320
Net book value as at 30 June 2026									
	1,637,700,000	1,315,862,878	2,647,135,443	51,876,197	27,969,286	41,989,392	331,230,585	6,053,763,781	
30 June 2025									
Cost / revalued amount									
17.1.2	Balance as at 01 July 2024	1,637,700,000	1,612,830,027	2,707,044,625	152,331,114	126,750,209	109,283,294	690,118,866	7,036,058,135
	Additions / transfers	-	23,297,008	189,582,655	5,111,015	2,635,033	26,204,480	242,478,877	489,309,068
	On disposals / write offs	-	(1,029,938)	(12,304,000)	-	(182,250)	(5,702,463)	(59,029,895)	(78,248,546)
17.1.1	Balance as at 30 June 2025	1,637,700,000	1,635,097,097	2,884,323,280	157,442,129	129,202,992	129,785,311	873,567,848	7,447,118,657
Depreciation									
	Balance as at 01 July 2024	-	-	-	97,356,499	83,711,691	85,605,923	329,930,772	596,604,885
	Charge for the year	-	161,697,101	275,377,471	11,005,285	11,370,463	19,168,537	144,413,046	623,031,903
	On disposals / write offs	-	(94,410)	(1,025,333)	-	(153,621)	(5,564,608)	(52,943,819)	(59,781,791)
	Balance as at 30 June 2025	-	161,602,691	274,352,138	108,361,784	94,928,533	99,209,852	421,399,999	1,159,854,997
Net book value as at 30 June 2025									
	1,637,700,000	1,473,494,406	2,609,971,142	49,080,345	34,274,459	30,575,459	452,167,849	6,287,263,660	
Depreciation Rate %									
	-	10	10	10	10	33.33	20		

17.1.1.1 These include fully depreciated assets amounting to Rs. 295.31 million (2025: Rs. 260.97 million).

17.1.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 8.16 million (2025: Rs. 237.59 million).

17.1.1.3 In addition to the guarantee as disclosed in note 16.1.2.3 the Company has also approved securities up to Rs. 2,500 million (2025: Rs. 2,500 million) in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. Nil (2025: Rs. 457 million) has been provided till date.

17.1.1.4 Had there been no revaluation, carrying value of freehold land, building on freehold land and plant and machinery would have been as follows:

	2026 Rupees	2025 Rupees
Freehold land	77,491,635	77,491,635
Building on freehold land	347,044,945	383,574,231
Plant and machinery	1,460,105,979	1,265,912,358
	1,884,642,559	1,726,978,224

17.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

	Location	Usage of immovable property	Total area (acres)	Covered Area (square feet)
	Main G.T Road, Amangarh, District Nowshera, KPK	Manufacturing facility	29.81	336,222
	5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office	23.59	26,852
	197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
	Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
	House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000

17.3 As explained in note 7, the latest revaluation was carried out as at 30 June 2024. As per the revaluation report, forced sale value of freehold land and plant & machinery was Rs. 1,472 million, Rs. 1,360 million and Rs. 2,166 million respectively.

17.4 Depreciation is allocated as under:

	Note	2026 Rupees	2025 Rupees
Cost of sales	29	402,296,800	388,544,496
Administrative expenses	30	121,830,126	114,390,950
Selling and distribution expenses	31	122,669,729	120,096,457
		646,796,655	623,031,903

17.5 Disposal of property, plant and equipment

Particulars of assets	Cost / Revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship with Company	Particulars of purchaser
<u>Vehicles</u>							
Suzuki Alto VXR 660CC	2,653,245	1,591,947	2,482,000	890,063	Insurance Claim	-	-
Honda City 1.2 CVT	3,991,760	1,397,116	2,554,726	1,157,610	Company Policy	Employee	Mr. Irfan Ayub
Toyota Yaris ATIV CVT 1500CC	3,283,510	711,427	1,904,436	1,193,009	Company Policy	Employee	Syed Sanwar Abbas Zaidi
Suzuki Alto VXR 660CC	1,768,160	618,856	1,208,243	589,387	Company Policy	Employee	Mr. Farhan Amjad
Suzuki Alto VXR 660CC	1,579,465	552,813	633,981	81,168	Company Policy	Employee	Mr. Ali Abbas
Suzuki Alto VXR 660CC	1,579,390	526,463	633,980	107,517	Company Policy	Employee	Mr. Rizwan Aslam
Suzuki Alto VXR 660CC	1,579,265	500,101	638,286	138,185	Company Policy	Employee	Mr. Usman Shafiqat
Suzuki Alto VXR 660CC	1,579,265	500,101	638,286	138,185	Company Policy	Employee	Mr. Riaz Ashraf
	18,014,060	6,398,824	10,693,938	4,295,114			
Various assets having net book value less than Rs. 500,000	76,929,615	9,960,084	43,029,302	33,069,218			
<u>Computers</u>							
Various assets having net book value less than Rs. 500,000	2,871,882	30,819	202,490	171,671			
<u>Office equipment</u>							
Various assets having net book value less than Rs. 500,000	157,500	32,375	30,000	(2,375)			
<u>Assets written off:</u>							
Plant and machinery	15,483,017	13,547,640	-	(13,547,640)			
2026	113,456,074	29,969,742	53,955,730	23,985,988			
2025	78,248,546	18,466,755	39,710,609	21,243,854			

			2026 Rupees	2025 Rupees
17.6	Capital work in progress	Note		
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		35,530,326	192,549,371
	Additions during the year		139,529,084	80,571,814
	Less: Transfers to operating fixed assets during the year	17.1.2	(8,156,232)	(237,590,859)
	Balance as at 30 June	17.6.1	166,903,178	35,530,326
17.6.1	Capital work in progress comprises of:			
	Building, civil works & others		164,504,677	27,374,094
	Vehicles		2,398,501	6,631,795
	Furniture and fittings		-	700,089
	Office equipment		-	824,348
			166,903,178	35,530,326
18	Intangible assets			
18.1	Computer softwares and software license fees			
	<u>Cost</u>			
	Balance as at 01 July		75,045,479	75,045,479
	Addition during the year		8,054,830	-
	Balance as at 30 June	18.1.1	83,100,309	75,045,479
	<u>Amortisation</u>			
	Balance as at 01 July		51,401,410	34,560,253
	Amortisation for the year	30	24,114,313	16,841,157
	Balance as at 30 June		75,515,723	51,401,410
	Net book value		7,584,586	23,644,069
18.1.1	These include fully amortised assets amounting to Rs. 75.05 million (2025: Rs. 14.54 million). Intangibles are amortised at 33% (2025: 33%) on straight line basis.			
19	Long term investments - related parties	Note	2026 Rupees	2025 Rupees
	<u>Related parties - at cost</u>			
	Farmacia (Partnership firm / Subsidiary):			
	Capital held: 98% (2025: 98%)	19.1	315,642,259	276,536,142
	Managing Partner - Osman Khalid Waheed			
	BF Biosciences Limited (Listed subsidiary):			
	88,333,334 (2025: 88,333,334) fully paid ordinary shares of Rs. 3 each (2025: Rs. 3 each)	19.2	151,999,960	151,999,960
	Equity held: 57.36% (2025: 57.36%)			
	Chief Executive Officer - Mr. Muhammad Farhan Rafiq		467,642,219	428,536,102

19.1 This represents Company's 98% share in "Farmacia", a partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. The head office of the Firm is situated at Fatima Memorial Hospital, Shadman, Lahore.

19.2 BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 57.36% (2025: 57.36%) of equity of the subsidiary. The registered office of the Company is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM - Sunder Raiwind Road Lahore. The net assets of the Subsidiary company as at 30 June 2026 were of Rs. 5,294.09 million (2025: Rs. 4,661.96 million).

20	Stores, spare parts and loose tools	Note	2026 Rupees	2025 Rupees
	Stores		149,199,208	63,580,571
	Spare parts		158,532,084	45,922,438
	Loose tools		495,834	421,432
	Stores in transit		-	1,055,035
			308,227,126	110,979,476

21 Stock in trade

	Raw and packing materials	21.1	2,403,719,302	1,476,647,886
	Work in process	21.1	132,767,681	207,543,330
	Finished goods	21.1	2,569,723,310	2,729,580,347
	Stock in transit	21.2	629,743,968	534,432,314
			5,735,954,261	4,948,203,877

Less: Provision for slow moving stock in trade - raw and packing materials and finished goods

21.3	(15,423,803)	(22,764,757)
	5,720,530,458	4,925,439,120

21.1 The amount charged to unconsolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 28.50 million (2025: Rs. 20.93 million) and finished goods to net realizable value amounts to Rs. 79.95 million (2025: Rs. 85.56 million).

21.2 It includes raw and packing material in transit amounting to Rs. 278.29 million (2025: Rs. 83.69 million) and finished goods in transit amounting to Rs. 351.45 million (2025: Rs. 450.74 million).

21.3	Movement in Provision for slow moving stock in trade	Note	2026 Rupees	2025 Rupees
	Balance as at 01 July		22,764,757	20,809,600
	Provisions made during the year		15,423,803	22,764,757
	Provisions reversed during the year		(22,764,757)	(20,809,600)
	Balance as at 30 June	21.3.1	15,423,803	22,764,757

21.3.1 Out of the total balance of provision for slow moving stock in trade, Rs. Nil (2025: Rs. 9.24 million) pertains to raw and packing materials, and Rs. 15.42 million (2025: Rs. 13.52 million) pertains to finished goods.

		2026 Rupees	2025 Rupees
22 Trade debts	Note		
Export debtors			
Considered good - secured		71,360,885	53,244,387
Local debtors			
Considered good - unsecured		2,135,246,752	2,044,018,465
Considered doubtful - unsecured		351,182,826	292,865,183
		2,486,429,578	2,336,883,648
Less: Impairment loss allowance	22.1	(351,182,826)	(292,865,183)
		<u>2,206,607,637</u>	<u>2,097,262,852</u>
22.1	The movement in impairment loss allowance is as follows:		
	Balance as at 01 July	292,865,183	220,440,694
	Charge during the year	58,317,643	72,424,489
	Balance as at 30 June	<u>351,182,826</u>	<u>292,865,183</u>
23 Loans and advances			
Advances to employees - secured	23.1	56,587,434	56,091,951
Advances to suppliers - unsecured	23.2	94,844,379	60,367,290
Others		10,416,907	41,591,580
		<u>161,848,720</u>	<u>158,050,821</u>
23.1	Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Company of Rs. 0.91 million (2025: Rs. Nil).		
23.2	These are interest free in the ordinary course of business.		
24 Deposits and prepayments	Note	2026 Rupees	2025 Rupees
Deposits - considered good- unsecured			
Earnest money	24.1	111,981,085	201,727,779
Less: Impairment loss allowance	24.2	(42,662,681)	(35,905,261)
		69,318,404	165,822,518
Security margins		12,008,163	12,131,880
		<u>81,326,567</u>	<u>177,954,398</u>
Prepayments		16,516,444	16,535,693
		<u>97,843,011</u>	<u>194,490,091</u>
24.1	These are interest free and given in ordinary course of business for acquiring government tenders.		
24.2	The movement in impairment loss allowance is as follows:		
		2026 Rupees	2025 Rupees
	Balance as at 01 July	35,905,261	25,144,774
	Charge during the year	6,757,420	10,760,487
	Balance as at 30 June	<u>42,662,681</u>	<u>35,905,261</u>

	Note	2026 Rupees	2025 Rupees
25 Other receivables			
Sales tax refundable - net		58,722,755	144,448,215
Export rebate		18,803,431	20,148,871
Others - considered good, unsecured		1,740,919	73,955,115
		79,267,105	238,552,201

26 Short term investments

Investments at fair value through profit or loss

Mutual fund	26.1	-	402,631,388
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26.1 These investments are measured at 'fair value through profit or loss'

Fair value at 01 July		402,631,388	375,541,979
Redemption during the year - net		(436,340,727)	(52,424,918)
Dividend re-invested during the year	33.1	62,720	50,437,326
Realized gain on sale of investments during the year	33.1	33,646,619	29,022,760
Unrealized gain on re-measurement of investment during the year	33.1	-	54,241
Fair value at 30 June	26.1.1	-	402,631,388

26.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2026	2025	2026	2025
	Number.....		Rupees.....	
HBL Money Market Fund	-	3,604,813	-	372,686,284
MCB Cash Management Optimizer Fund	-	245	-	25,158
HBL Cash Fund	-	276,606	-	29,256,070
Pakistan Cash Management Fund	-	13,154	-	663,876
			-	402,631,388

27	Cash and bank balances	Note	2026 Rupees	2025 Rupees
	Cash in hand		6,467,936	4,876,445
	Cash at bank:			
	- Conventional banks	27.1	259,001,984	316,922,750
	- Islamic banks	27.2	95,648,090	23,784,893
			354,650,074	340,707,643
			361,118,010	345,584,088
27.1	Conventional Banks			
	- current accounts in local currency		90,042,457	87,487,712
	- current accounts in foreign currency		130,489,992	209,572,695
	- saving accounts in local currency	27.1.1	38,469,535	19,862,343
			259,001,984	316,922,750
27.2	Islamic Banks			
	- current accounts in local currency		32,886,676	22,305,852
	- current accounts in foreign currency		62,754,405	-
	- saving accounts in local currency	27.2.1	7,009	1,479,041
			95,648,090	23,784,893
27.1.1	These include deposit accounts under mark-up arrangements, which carry interest rates ranging from 7.50% to 9.00% (2025: 8.00% - 19.00%) per annum.			
27.2.1	This includes a deposit account under Shariah compliant arrangement, which carries profit rate from 6.00% to 7.28% (2025: 5.87% - 11.01%) per annum.			
28	Revenue - net	Note	2026 Rupees	2025 Rupees
	Sale of goods			
	Local		17,893,469,390	15,483,443,503
	Export		931,137,296	836,369,286
			18,824,606,686	16,319,812,789
	Toll manufacturing		82,160,506	22,456,100
	Less:			
	Sales return		(173,759,291)	(144,363,163)
	Discounts		(2,755,268,131)	(2,220,468,990)
	Sales tax		(220,715,874)	(119,469,797)
			(3,149,743,296)	(2,484,301,950)
	Revenue from contracts with customers - net	28.1	15,757,023,896	13,857,966,939
	Disaggregation of Revenue - net			
28.1	Primary Geographical Markets (Revenue - net)			
	Pakistan		14,825,886,600	13,021,597,653
	Sri Lanka		418,453,985	254,039,562
	Afghanistan		199,865,634	327,282,622
	Myanmar		93,633,504	78,134,301
	Philippines		89,470,641	76,109,837
	Uzbekistan		42,628,100	8,315,789
	Kyrgyzstan		27,430,393	28,579,376
	Kenya		25,583,848	25,718,092
	Others		34,071,191	38,189,707
			15,757,023,896	13,857,966,939

	Note	2026 Rupees	2025 Rupees
29 Cost of sales			
Raw and packing materials consumed	29.1	4,004,569,832	3,766,235,965
Salaries, wages and other benefits	29.2	730,436,762	627,510,119
Fuel and power		127,704,089	149,137,845
Repair and maintenance		60,805,999	44,472,984
Stores, spare parts and loose tools consumed		238,681,818	194,775,745
Freight and forwarding		158,452,477	45,841,042
Packing charges		124,205,457	74,053,720
Rent, rates and taxes		8,719,762	9,293,562
Postage and telephone		12,262,344	11,221,699
Insurance		36,954,804	31,059,750
Travelling and conveyance		67,449,801	38,027,463
Ijarah expense		6,709,115	456,257
Canteen expenses		51,442,364	49,204,286
Depreciation on property, plant and equipment	17.4	402,296,800	388,544,496
Laboratory and other expenses		96,502,485	35,248,647
		6,127,193,909	5,465,083,580
Work in process:			
Opening	21	207,543,330	243,120,575
Closing	21	(132,767,681)	(207,543,330)
		74,775,649	35,577,245
Cost of goods manufactured		6,201,969,558	5,500,660,825
Finished stock:			
Opening - net of provision	21	2,716,058,433	2,219,562,963
Purchases made during the year - net		2,766,965,658	3,134,611,487
Closing - net of provision	21	(2,554,299,507)	(2,716,058,433)
		2,928,724,584	2,638,116,017
		9,130,694,142	8,138,776,842
29.1 Raw and packing materials consumed			
Opening - net of provision	21	1,467,405,043	1,302,778,758
Purchases made during the year		4,940,884,091	3,930,862,250
		6,408,289,134	5,233,641,008
Closing	21	(2,403,719,302)	(1,467,405,043)
		4,004,569,832	3,766,235,965

29.2 Salaries, wages and other benefits include Rs. 27.33 million (2025: Rs. 24.12 million) which represents employer's contribution towards provident fund.

30 Administrative expenses	Note	2026 Rupees	2025 Rupees
Salaries and other benefits	30.1	462,163,712	425,634,809
Directors fees and expenses		4,200,000	3,010,000
Rent, rates and taxes		1,202,335	1,037,028
Postage and telephone		16,158,078	15,069,114
Printing, stationery and office supplies		9,452,279	8,277,534
Travelling and conveyance		92,247,933	81,088,092
Transportation		7,015,212	7,050,184
Ijarah expense		10,527,046	147,137
Legal and professional charges		16,984,566	7,945,601
Fuel and power		19,259,102	13,932,340
Auditors' remuneration	30.2	5,233,093	4,750,000
Repair and maintenance		41,804,983	21,115,355
Fee and subscriptions		43,309,212	41,507,580
Donations	30.3	14,460,000	3,760,417
Insurance		11,125,804	9,703,602
Depreciation on property, plant and equipment	17.4	121,830,126	114,390,950
Amortisation of intangibles	18.1	24,114,313	16,841,157
Canteen expenses		27,147,589	30,870,057
Other expenses		2,161,754	1,526,425
		930,397,137	807,657,382

30.1 Salaries and other benefits include Rs. 17.51 million (2025: Rs. 16.62 million) which represents employer's contribution towards provident fund.

30.2 Auditors' remuneration	2026 Rupees	2025 Rupees
Fee for annual audit	2,634,030	2,331,000
Audit of consolidated financial statements	244,783	216,622
Review of half yearly financial statements	854,280	756,000
Special certificates and others	500,000	496,378
Out-of-pocket expenses	1,000,000	950,000
	5,233,093	4,750,000

30.3 Donations include payment to the following institutions in which a director of the Company holds an interest:

Name of director	Nature of interest in donee	Name of donee	2026 Rupees	2025 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	12,000,000	1,000,000
Mr. Osman Khalid Waheed (Director)	Trustee	Lahore Biennale Foundation	-	2,500,000

30.4 Donations to the following organizations exceeds 10% of the Company's total amount of donations:

	2026 Rupees	2025 Rupees
National Management Foundation (LUMS)	12,000,000	1,000,000
Lahore Biennale Foundation	-	2,500,000

	Note	2026 Rupees	2025 Rupees
31 Selling and distribution expenses			
Salaries and other benefits	31.1	1,620,287,250	1,394,960,312
Travelling and conveyance		988,488,202	744,031,267
Fuel and power		25,560,941	16,523,854
Service charges		25,121,436	21,870,513
Rent, rates and taxes		18,728,618	17,350,367
Sales promotion		784,854,664	522,268,344
Printing and stationery		6,054,727	7,271,631
Postage and telephone		44,920,221	32,101,493
Fee and subscriptions		53,989,495	60,072,482
Insurance		71,736,950	62,249,474
Ijarah expense		90,526,506	8,219,386
Repair and maintenance		33,204,023	9,426,890
Conferences, seminars and training		352,125,566	391,751,902
Patient care activities		15,698,480	64,784,064
Depreciation on property, plant and equipment	17.4	122,669,729	120,096,457
Other expenses		7,099,419	4,975,775
		4,261,066,227	3,477,954,211

31.1 Salaries and other benefits include Rs. 50.27 million (2025: Rs. 47.11 million) which represents employer's contribution towards provident fund.

	Note	2026 Rupees	2025 Rupees
32 Other expenses			
Exchange Loss - net		20,367,854	38,998,392
Workers' Profit Participation Fund	12.2	57,787,698	49,957,951
Central Research Fund	12.3	11,674,282	10,092,515
Workers' Welfare Fund	12.4	25,432,890	25,632,400
		115,262,724	124,681,258

33 Other income	Note	2026 Rupees	2025 Rupees
From financial assets	33.1	36,721,993	83,375,204
From non financial assets	33.2	99,792,042	67,298,930
		<u>136,514,035</u>	<u>150,674,134</u>
33.1 From financial assets			
Profit on deposits with banks	33.1.1	3,012,654	3,860,877
Dividend income	26.1	62,720	50,437,326
Unrealized gain on re-measurement of short term investments to fair value	26.1	-	54,241
Realized gain on sale of short term investments	26.1	33,646,619	29,022,760
		<u>36,721,993</u>	<u>83,375,204</u>
33.1.1 This includes profit of Rs. 21,622 (2025: Rs. 304,608) earned on deposits maintained under Shariah compliant arrangements.			
33.2 From non financial assets	Note	2026 Rupees	2025 Rupees
<u>From related party</u>			
Share in profit of Farmacia		39,106,117	27,472,547
Corporate Guarantee Income from BF Biosciences Limited		7,020,000	7,020,000
<u>Others</u>			
Gain on sale of property, plant and equipment - net	17.5	23,985,988	21,243,854
Export rebate		10,303,962	11,562,529
Commission income		19,375,975	-
		<u>53,665,925</u>	<u>32,806,383</u>
		<u>99,792,042</u>	<u>67,298,930</u>
34 Finance cost			
Mark-up on financing from conventional banks / institutions:			
Long term loans	34.1	4,759,148	4,609,129
Short term borrowings		90,564,356	202,089,676
		95,323,504	206,698,805
Mark-up on Islamic mode of financing:			
Long term loans	34.2	28,432,052	38,561,154
Short term borrowings	34.2	176,709,647	187,926,567
		205,141,699	226,487,721
Bank charges		13,855,814	17,502,487
Interest on Workers' Profit Participation Fund	12.2	4,188,256	2,128,717
		<u>318,509,273</u>	<u>452,817,730</u>
34.1 This is net of unwinding of deferred grant amounting to Rs. 14.42 million (2025: Rs. 15.29 million).			
34.2 This represents markup expense incurred under Shariah compliant arrangements against facilities of long term loans and short term borrowings.			
35 Minimum tax	Note	2026 Rupees	2025 Rupees
Minimum tax	35.1	<u>30,135,605</u>	<u>27,068,982</u>

35.1 This represents portion of minimum tax paid under section 148 (2025: sections 148 and 154) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.

	Note	2026 Rupees	2025 Rupees
36 Income tax			
Current			
- For the year		537,924,593	505,691,379
- For prior years		(29,280,727)	-
		508,643,866	505,691,379
Deferred			
- For the year		(115,714,269)	(137,434,524)
- Change in effective tax rate		(1,433,814)	-
	11.1	(117,148,083)	(137,434,524)
		391,495,783	368,256,855

36.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2026 Rupees	2025 Rupees
Profit before income tax	1,042,397,760	896,499,692
	----- (Percentage) -----	
Applicable tax rate as per Income Tax Ordinance, 2001	29%	29%
	2026 Rupees	2025 Rupees
Tax on accounting profit	302,295,350	259,984,911
Effect of separate block regime	(6,471,812)	(3,576,835)
Effect of minimum tax regime	-	(18,860,634)
Effect of permanent difference and others	(13,116,232)	-
Effect of super tax	139,503,018	130,709,413
Effect of rate change	(1,433,814)	-
Prior year tax adjustment	(29,280,727)	-
	89,200,433	108,271,944
	391,495,783	368,256,855

37 Earnings per share - basic and diluted		2026	2025
Profit after taxation for distribution to ordinary shareholders	Rupees	650,901,977	528,242,837
Weighted average number of ordinary shares	Numbers	43,469,052	43,469,052
Basic and diluted earnings per share	Rupees	14.97	12.15

37.1 There is no dilutive effect on the basic earnings per share as the Company has no commitment for such potentially issuable shares which has any dilutive effect.

38 Remuneration of Chief Executive, Non Executive Directors and Executives

	2026		
	Chief Executive	Non Executive Directors	Executives
	-----Rupees-----		
Managerial remuneration	33,202,684	-	466,108,098
Utilities and others	18,261,480	-	309,936,889
Medical / Travelling reimbursements	1,694,250	108,450	77,316,964
Leave fare assistance	4,288,680	-	46,322,983
Bonus	7,524,000	-	104,520,992
Contribution to provident fund	3,320,268	-	41,158,346
Meeting Fee	550,000	3,650,000	-
	68,841,362	3,758,450	1,045,364,272
Numbers	1	6	158

	2025		
	Chief Executive	Non Executive Directors	Executives
	-----Rupees-----		
Managerial remuneration	29,125,161	-	407,767,629
Utilities and others	16,018,843	-	275,870,480
Medical / Travelling reimbursements	829,881	87,000	74,316,597
Leave fare assistance	-	-	38,511,752
Bonus	9,405,000	-	118,829,317
Contribution to provident fund	2,912,516	-	38,755,159
Meeting Fee	360,000	2,650,000	-
	58,651,401	2,737,000	954,050,934
Numbers	1	6	142

In addition, the Chief Executive and certain executives of the Company are allowed free use of the Company's vehicles.

The Company has 6 (2025: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. Furthermore, the Company has paid Rs. 3,650,000 (2025: Rs. 2,650,000) in lieu of meeting fee and Rs. 108,450 (2025: Rs. 87,000) against reimbursement of expenses.

Related party transactions

The Company's related parties include subsidiaries, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown in respective notes in the unconsolidated financial statements. Transactions with related parties other than disclosed elsewhere in the unconsolidated financial statements are as follows:

Name of parties	Relationship	Transactions	2026	2025
			-----Rs.-----	
BF Biosciences Limited	57.36% owned subsidiary company	Sale of medicines	1,413,129,952	1,039,002,101
		Expenses incurred by BFBIO on behalf of the Company - net	21,355,860	14,170,057
		Receipts received by BFBIO on behalf of the Company - net	-	12,988,869
		Receipts received by the Company on behalf of BFBIO - net	5,771,193	-
		Payments made to BFBIO - net	27,127,053	1,181,188
		Purchase of medicines	57,640,304	9,667,590
		Corporate guarantee income	7,020,000	7,020,000
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - net of returns and discounts	256,852,533	310,525,259
		Rental expense paid for building in use	7,894,986	7,177,260
		Share of profit reinvested	39,106,117	27,472,547
		Contribution towards employees' provident fund	95,098,621	87,848,170
Employees provident fund				
KFW Factors (Private) Limited	Common directorship	Dividend	47,732,776	35,799,582
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	68,291,362	58,291,401
		Dividend	13,610,988	10,208,241
		Meeting Fee	550,000	360,000
Directors other than CEO	Non-Executive Directors	Rental expense paid for building in use	8,243,066	6,324,471
		Dividend	4,474,712	3,356,034
		Meeting Fee	3,650,000	2,650,000
		Reimbursement of expenses	108,450	87,000
Other Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	80,899,008	74,732,684
		Dividend	8,064	6,048
		Advance given against salary	200,000	-
Khan and Piracha	Common directorship	Payment made against services received	-	390,000
National Management Foundation (LUMS)	Common directorship	Donations	12,000,000	1,000,000
		Event sponsorship	-	7,500,000
Lahore Biennale Foundation (LBF)	Common directorship	Donations	-	2,500,000

39.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers Chief Executive Officer, Chief Financial Officer, Company Secretary and Directors to be its key management personnel and these are disclosed below:

<u>Name</u>	<u>Relationship</u>
Mrs. Akhter Khalid Waheed	Chairperson / Non-Executive Director
Mr. Osman Khalid Waheed	Chief Executive Officer / Executive Director
Mr. Shahid Tofique	Chief Financial Officer
Syed Ghausuddin Saif	Chief Operating Officer & Company Secretary
Mrs. Amna Piracha Khan	Non-Executive Director
Mrs. Munize Azhar Peracha	Non-Executive Director
Mr. Shahid Anwar	Non-Executive Director
Mr. Arshad Saeed Husain	Independent Director
Mr. Suleman Ghani	Independent Director

40	Plant capacity and production	Actual production	
		2026	2025
		-----Packs-----	
	Tablets and capsules	52,614,674	50,749,855
	Ointments	4,423,079	4,401,874
	Liquid and others	4,810,480	5,330,305
		61,848,233	60,482,034

The production capacity of the Company's plant cannot be determined, as it is a multi-product production facility with varying manufacturing processes.

41	Number of employees	Total employees	
		2026	2025
	Total number of employees as at 30 June	1,676	1,556
	Average number of employees during the year	1,616	1,521

42 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2026				
	Liabilities				
	Short term borrowings - secured	Unclaimed dividend	Accrued mark up	Long term loans and musharaka	Total
	----- Rupees -----				
Balance as at 01 July 2025	1,685,882,949	99,116,101	76,185,903	395,849,812	2,257,034,765
Changes from financing cash flows					
Long term loan and musharaka received	-	-	-	-	-
Long term loans and musharaka repaid	-	-	-	(83,970,746)	(83,970,746)
Finance cost paid	-	-	(310,152,626)	-	(310,152,626)
Dividends paid	-	(167,937,768)	-	-	(167,937,768)
Short term borrowing-net	(54,946,907)	-	-	-	(54,946,907)
Total changes from financing cash flows	(54,946,907)	(167,937,768)	(310,152,626)	(83,970,746)	(617,008,047)
Non-cash changes					
Dividend approved	-	173,876,208	-	-	173,876,208
Interest / markup expense	-	-	318,509,273	-	318,509,273
Total non-cash changes	-	173,876,208	318,509,273	-	492,385,481
Closing as at 30 June 2026	1,630,936,042	105,054,541	84,542,550	311,879,066	2,132,412,199
	2025				
	Liabilities				
	Short term borrowings - secured	Unclaimed dividend	Accrued mark up	Long term loans and musharaka	Total
	----- Rupees -----				
Balance as at 01 July 2024	1,299,797,789	96,507,363	172,315,348	350,182,072	1,918,802,572
Changes from financing cash flows					
Long term loan and musharaka received	-	-	-	122,376,620	122,376,620
Long term loan and musharaka repaid	-	-	-	(76,708,880)	(76,708,880)
Finance cost paid	-	-	(548,947,175)	-	(548,947,175)
Dividends paid	-	(127,798,418)	-	-	(127,798,418)
Short term borrowing-net	386,085,160	-	-	-	386,085,160
Total changes from financing cash flows	386,085,160	(127,798,418)	(548,947,175)	45,667,740	(244,992,693)
Non-cash changes					
Dividend approved	-	130,407,156	-	-	130,407,156
Interest / markup expense	-	-	452,817,730	-	452,817,730
Total non-cash changes	-	130,407,156	452,817,730	-	583,224,886
Closing as at 30 June 2025	1,685,882,949	99,116,101	76,185,903	395,849,812	2,257,034,765

Description	Explanation	Note	2026 (Rupees)	2025
Statement of financial position				
Long term borrowings - secured	Financing obtained as per Islamic mode Markup accrued on conventional loan	8.2 & 9 15	244,471,659 1,078,782	309,183,150 1,365,297
Short term borrowings - secured	Financing obtained as per Islamic mode Markup accrued on conventional loan	14.3 15	1,630,936,042 31,635,842	1,685,882,949 27,479,371
Short term investments	Shariah compliant investments	26	-	-
Cash and bank balances	Shariah compliant bank balances	27.2	95,648,090	23,784,893
Statement of Profit or Loss				
Revenue	Revenue earned from shariah compliant business segment	28	15,757,023,896	13,857,966,939
Other income				
- Dividend income	Dividend earned on shariah compliant investments		-	-
- Gain on disposal of investment	Gain on disposal of shariah compliant investments		-	-
- Unrealized gain on investment	Unrealized gain on shariah compliant investments		-	-
- Profit on bank deposits	Profit earned from shariah compliant bank deposits		21,622	304,608
Finance cost				
- Profit paid on Islamic mode of financing	Profit paid under Shariah Compliant transactions		200,655,006	255,289,365
- Break-up of late payments or liquidated damages			-	-
Source and detailed breakup of other income				
Earned from shariah compliant transactions				
- Income from financial assets	Profit earned under shariah permissible arrangements	33.1	21,622	304,608
- Income from non-financial assets	Earned from shariah compliant transactions	33.2	92,772,042	60,278,930
Earned from non-shariah compliant transactions				
- Income from financial assets	Earned from non-shariah compliant transactions	33.1	36,700,371	83,070,596
- Income from non-financial assets	Earned from non-shariah compliant transactions	33.2	7,020,000	7,020,000
Relationship with Shariah-compliant financial institutions with balances outstanding at year end				
Relationship				
Name	Relationship			
Meezan Bank Limited	Bank deposits and borrowing arrangement			
Faysal Bank Limited	Borrowing arrangement			
Bank of Punjab - Taqwa	Borrowing arrangement			
BankIslami Pakistan Limited	Bank deposits and borrowing arrangement			
First Habib Modaraba	Borrowing arrangement			
EFU General Insurance Limited - Window Takaful Operations	Takaful operator			
Adamjee Insurance Company Limited - Window Takaful Operations	Takaful operator			

44 Disclosures relating to provident fund

The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

	Audited 2026		Audited 2025	
	% of Size of Fund	Rupees	% of Size of Fund	Rupees
Ferozsons Laboratories Limited - Parent Company	71%	1,334,140,253	77%	1,241,620,915
BF Biosciences Limited - Subsidiary	27%	510,010,590	22%	365,290,539
Farmacia - Partnership firm	2%	28,506,412	1%	22,595,027
	100%	1,872,657,255	100%	1,629,506,481

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

45 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

45.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

45.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2026 Rupees	2025 Rupees
<u>Financial assets at amortized cost</u>		
Long term deposits	23,447,394	10,158,250
Trade debts	2,206,607,637	2,097,262,852
Loans and advances - others	10,416,907	41,591,580
Deposits	81,326,567	177,954,398
Other receivables	20,544,350	94,103,986
Bank balances	354,650,074	340,707,643
	2,696,992,929	2,761,778,709

45.1.1.1 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

	2026 Rupees	2025 Rupees
Customers	2,206,607,637	2,097,262,852
Banking companies and financial institutions	365,504,381	351,685,667
Others	124,880,911	312,830,190
	2,696,992,929	2,761,778,709

45.1.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

45.1.2.1 Counter parties with external credit ratings

These include banking companies and financial institutions, which are counter parties to bank balances and investments. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counter parties and considering their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Following are the credit ratings of counter parties with external credit ratings:

Institutions	Rating		Rating Agency	2026	2025
	Short term	Long term		-----Rupees-----	
Bank balances					
Habib Bank Limited	A1+	AAA	JCR-VIS	206,798,963	181,459,765
Bank Al-Habib Limited	A1+	AAA	PACRA	199,681	178,476
Habib Metropolitan Bank Limited	A1+	AAA	PACRA	13,306,960	115,318,149
Bank Alfalah Limited	A1+	AAA	PACRA	37,367,201	17,108,386
Meezan Bank Limited	A1+	AAA	JCR-VIS	62,763,792	1,481,419
MCB Bank Limited	A1+	AAA	PACRA	949,436	2,478,056
Allied Bank Limited	A1+	AAA	PACRA	379,743	379,918
Bank of Punjab - Taqwa	A1+	AAA	PACRA	-	17,313,318
BankIslami Pakistan Limited	A1	AA-	PACRA	32,884,298	4,990,156
				354,650,074	340,707,643
Margin against letter of credit					
MCB Bank Limited	A1+	AAA	PACRA	4,484,607	-
Meezan Bank Limited	A1+	AAA	JCR-VIS	6,369,700	10,978,024
				10,854,307	10,978,024
				365,504,381	351,685,667

45.1.2.2 Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2026 was determined as follows:

The aging of trade debts other than due from Government at the reporting date was:

	30 June 2026		30 June 2025	
	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss
	-----Rupees-----		-----Rupees-----	
Current	329,360,524	542,895	219,990,358	4,751,428
0 - 90 days	20,956,434	3,089,823	23,144,908	5,444,295
91 - 180 days	107,447,295	6,164,254	31,700,913	12,990,240
181 - 365 days	17,678,007	3,676,141	15,538,683	9,190,750
More than 365 days	69,907,792	68,561,592	55,289,420	48,705,058
	545,350,052	82,034,705	345,664,282	81,081,771

The aging of trade debts due from Government at the reporting date was:

	30 June 2026		30 June 2025	
	Gross carrying amount	Expected credit loss	Gross carrying amount	Expected credit loss
	-----Rupees-----		-----Rupees-----	
Current	673,932,733	10,762,788	558,597,553	-
0 - 90 days	201,873,309	7,681,834	387,310,583	14,128,270
91 - 180 days	118,534,672	6,947,000	278,231,042	10,725,398
181 - 365 days	394,500,369	46,391,014	465,840,444	36,220,249
More than 365 days	552,238,443	197,365,485	301,239,744	150,709,495
	1,941,079,526	269,148,121	1,991,219,366	211,783,412

Export sales are majorly secured through letter of credit while majority of the local sales are made to Government departments / hospitals. Trade debts are essentially due from government departments / projects and the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations.

Deposits and other receivables are mostly due from Government Institutions, utility companies and a major supplier. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

45.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 14 to these unconsolidated financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

45.2.1 Exposure to liquidity risk

45.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

	2026			
	Carrying amount	Contractual amount	Less than one year	One to five years
			-----Rupees-----	
Financial liabilities at amortized cost				
Long term loans - secured	115,492,008	168,746,906	45,330,204	123,416,702
Long term musharaka - secured	165,612,153	200,560,996	71,461,466	129,099,530
Trade and other payables	1,916,869,418	1,916,869,418	1,916,869,418	-
Unclaimed dividend	105,054,541	105,054,541	105,054,541	-
Short term borrowings - secured	2,441,671,290	2,441,671,290	2,441,671,290	-
	4,744,699,410	4,832,903,151	4,580,386,919	252,516,232

	2025			
	Carrying amount	Contractual amount	Less than one year	One to five years
			-----Rupees-----	
Financial liabilities at amortized cost				
Long term loan - secured	138,085,946	215,746,296	49,368,587	166,377,709
Long term musharaka - secured	214,551,743	271,847,772	71,286,777	200,560,995
Trade and other payables	1,911,961,245	1,911,961,245	1,911,961,245	-
Unclaimed dividend	99,116,101	99,116,101	99,116,101	-
Short term borrowings - secured	2,290,830,965	2,290,830,965	2,290,830,965	-
	4,654,546,000	4,789,502,379	4,422,563,675	366,938,704

45.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity prices that will effect the Company's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

45.3.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the unconsolidated statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date. The Company's exposure to foreign currency risk at the reporting date was as follows:

	2026				
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Assets					
Cash and bank balances	196,007,462	690,075	10,286	3,310	1,480
Trade debts	71,360,885	256,545	-	-	-
	<u>267,368,347</u>	<u>946,620</u>	<u>10,286</u>	<u>3,310</u>	<u>1,480</u>
Liabilities					
Trade and other payables	(1,289,558,140)	(4,586,101)	(43,802)	-	-
Net exposure	<u>(1,022,189,793)</u>	<u>(3,639,481)</u>	<u>(33,516)</u>	<u>3,310</u>	<u>1,480</u>
Off statement of financial position items					
- Outstanding letters of credit	(652,339,341)	(2,260,348)	(74,459)	-	-
Net exposure	<u>(1,674,529,134)</u>	<u>(5,899,829)</u>	<u>(107,975)</u>	<u>3,310</u>	<u>1,480</u>
	2025				
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Assets					
Cash and bank balances	212,830,760	736,489	9,049	3,310	1,480
Trade debts	53,244,387	187,636	-	-	-
Other receivables	67,220,121	236,887	-	-	-
	<u>333,295,268</u>	<u>1,161,012</u>	<u>9,049</u>	<u>3,310</u>	<u>1,480</u>
Liabilities					
Trade and other payables	(1,388,983,953)	(4,888,986)	(5,000)	-	-
Net exposure	<u>(1,055,688,685)</u>	<u>(3,727,974)</u>	<u>4,049</u>	<u>3,310</u>	<u>1,480</u>
Off statement of financial position items					
- Outstanding letters of credit	(792,552,300)	(1,697,353)	(934,608)	-	-
Net exposure	<u>(1,848,240,985)</u>	<u>(5,425,327)</u>	<u>(930,559)</u>	<u>3,310</u>	<u>1,480</u>

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2026	2025	2026	2025
US Dollars	278.16	283.76	280.96	281.05
Euro	316.92	332.66	324.79	315.18
UAE Dirham	75.74	77.27	76.50	76.52
Pound Sterling	368.02	388.86	378.44	370.37

45.3.1.1 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The weakening of 10% of Pak Rupee will result in decrease in profit as shown below:

	Profit or loss	
	2026	2025
	-----Rs.-----	
Unconsolidated statement of profit or loss	(102,218,979)	(105,568,869)

A ten percent strengthening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

45.3.1.2 Currency risk management

Since the maximum amount exposed to currency risk is only 6.37% (2025: 6.73%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to foreign currencies will not have any material impact on the operational results.

45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2026	2025	2026	2025
Variable rate instruments	(in Percentage)		(Rupees)	
<u>Financial assets</u>				
Cash at bank - deposit accounts	6.00% to 9.00%	5.87% to 19.00%	38,476,544	21,341,384
<u>Financial liabilities</u>				
Long term musharaka - including current portion - secured	11.52% to 12.38%	13.08% to 21.14%	165,612,153	214,551,743
Short term borrowings - secured	7.50% to 11.53%	11.53% to 22.88%	2,359,497,936	2,218,996,474
Net Exposure			(2,486,633,545)	(2,412,206,833)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2025.

	(Increase) / Decrease in Profit or loss	
	Increase in 100 bps	Decrease in 100 bps
	Rupees	
As at 30 June 2026		
Cash flow sensitivity - Variable rate financial assets	(24,866,335)	24,866,335
As at 30 June 2025		
Cash flow sensitivity - Variable rate financial assets	(24,122,068)	24,122,068

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

45.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the higher management. The Company is not exposed to price risk at the reporting date as it does not have any outstanding investments or financial instruments whose fair value or future cash flows are affected by changes in market prices. The Company is also not exposed to commodity price risk as it does not hold any financial instruments based on commodity prices.

Sensitivity analysis

The table below summarizes the Company's money market price risk as of 30 June 2026 and 2025 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. However, money market investments are considered risk free.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2026	-----Rupees-----			
<u>Short term investments</u>		10% increase	-	-
Investments at fair value through profit or loss	-	10% decrease	-	-
	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2025	-----Rupees-----			
<u>Short term investments</u>				
		10% increase	442,894,527	40,263,139
Investments at fair value through profit or loss	402,631,388	10% decrease	362,368,249	(40,263,139)

45.4 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the statement of financial position approximate to their fair value.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

45.4.1 Valuation of financial instruments

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

45.4.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			Fair Value		
Fair value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
----- Rupees -----						
-	-	-	-	-	-	-
Financial assets measured at fair value						
Short term investments						
Financial assets not measured at fair value						
Long term deposits	23,447,394	-	23,447,394	-	-	-
Trade debts	2,206,607,637	-	2,206,607,637	-	-	-
Loans and advances	10,416,907	-	10,416,907	-	-	-
Deposits	81,326,567	-	81,326,567	-	-	-
Other receivables	20,544,350	-	20,544,350	-	-	-
Cash and bank balances	361,118,010	-	361,118,010	-	-	-
-	2,703,460,865	-	2,703,460,865	-	-	-
Financial liabilities measured at fair value						
Financial liabilities not measured at fair value						
Trade and other payables	-	1,916,869,418	1,916,869,418	-	-	-
Unclaimed dividend	-	105,054,541	105,054,541	-	-	-
Long term loans - secured	-	115,492,008	115,492,008	-	-	-
Long term musharaka - secured	-	165,612,153	165,612,153	-	-	-
Short term borrowings - secured	-	2,441,671,290	2,441,671,290	-	-	-
-	-	4,744,699,410	4,744,699,410	-	-	-

30 June 2026

Financial assets measured at fair value

Short term investments

Financial assets not measured at fair value

Long term deposits

Trade debts

Loans and advances

Deposits

Other receivables

Cash and bank balances

Financial liabilities measured at fair value

Financial liabilities not measured at fair value

Trade and other payables

Unclaimed dividend

Long term loans - secured

Long term musharaka - secured

Short term borrowings - secured

	Carrying Amount			Fair Value			
	Fair Value through statement of profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
	----- Rupees -----						
30 June 2025							
Financial assets measured at fair value							
Short term investments	402,631,388	-	-	402,631,388	-	402,631,388	-
Financial assets not measured at fair value							
Long term deposits	-	10,158,250	-	10,158,250	-	-	-
Trade debts	-	2,097,262,852	-	2,097,262,852	-	-	-
Loans and advances	-	41,591,580	-	41,591,580	-	-	-
Deposits	-	177,954,398	-	177,954,398	-	-	-
Other receivables	-	94,103,986	-	94,103,986	-	-	-
Cash and bank balances	-	345,584,088	-	345,584,088	-	-	-
	-	2,766,655,154	-	2,766,655,154	-	-	-
Financial liabilities measured at fair value:							
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	1,911,961,245	1,911,961,245	-	-	-
Unclaimed dividend	-	-	99,116,101	99,116,101	-	-	-
Long term loans - secured	-	-	138,085,946	138,085,946	-	-	-
Long term musharaka - secured	-	-	214,551,743	214,551,743	-	-	-
Short term borrowings - secured	-	-	2,290,830,965	2,290,830,965	-	-	-
	-	-	4,654,546,000	4,654,546,000	-	-	-

- Long term deposits that are not financial assets (Ijarah security deposits) are not included.

- Loans and advances that are not financial assets (advances to employees and suppliers) are not included.

- Other receivables that are not financial assets (sales tax refundable and others) are not included.

- Trade and other payable that are not financial liabilities (provision for compensated absences, workers' profit participation fund, workers' welfare fund, central research fund, advance from employees against purchase of vehicles and tax deducted at source) are not included.

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2) based on their assessment of market value as disclosed in note 7. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by Asif Associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

45.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	<u>Unit</u>	<u>2026</u>	<u>2025</u>
Total debt	Rupees	2,671,377,002	2,614,846,286
Total equity	Rupees	9,891,083,996	9,365,309,057
Total capital employed	Rupees	12,562,460,998	11,980,155,343
Gearing	Percentage	21.26%	21.83%

Total debt comprises of long term loans from banking institutions and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

46 Operating segments

The unconsolidated financial statements have been prepared on the basis of a single reportable segment. 94.09% (2025: 93.96%) out of total sales of the Company relates to customers in Pakistan. All non current assets of the Company as at 30 June 2026 are located in Pakistan.

47 Non adjusting events after the reporting date

The Board of Directors of the Company in its meeting held on 29 September 2026 has proposed a final cash dividend of Rs.5.50 (2025: Rs. 4) per share, amounting to Rs. 239.08 million (2025: Rs. 173.88 million) subject to approval of the members in the Annual General Meeting to be held on 28 October 2026.

48 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 29 September 2026.



Chief Executive Officer



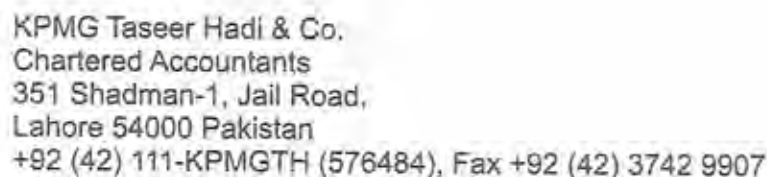
Chief Financial Officer



Director



CONSOLIDATED FINANCIAL STATEMENTS



To the members of Ferozsons Laboratories Limited
Report on the Audit of the Consolidated Financial Statements

We have audited the annexed consolidated financial statements of **Ferozsons Laboratories Limited** and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1	Revenue recognition Refer to notes 4, 17.1 and 28 to the consolidated financial statements. The Group recognized net revenue of Rs. 23.96 billion from the sale of goods to domestic as well as export customers during the year ended 30 June 2026. Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. Consequently, there might be pressure to	Our audit procedures to assess the recognition of revenue, amongst others, included the following: obtaining an understanding of the process relating to recording of revenue and testing the design and implementation of the relevant internal controls identified in such process;

SPAD Travel Ltd & Co. is a company limited by guarantee and is a member firm of the SPAD group comprising of companies owned and controlled by SPAD International Limited, a private company (control) whose details are given below.



KPMG Taseer Hadi & Co.

S. No.	Key audit matters	How the matters were addressed in our audit
	achieve forecasted results. This could lead to an increased audit risk relating to revenues recorded near reporting date. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue may be recognized without transferring the control near reporting date.	• assessing the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting and reporting standards in Pakistan; • verifying a sample of revenue transactions with sales orders, sales invoices, delivery documents and other relevant underlying documents to assess whether the related revenue was recorded in accordance with the Group's accounting policy; • verifying, on a sample basis, credit notes issued after the financial year end date to determine whether they were recognized in the appropriate financial reporting period; • assessing the appropriateness of journal entries posted to the revenue account during the year by drawing a sub-population meeting certain specific risk based criteria and comparing the details of such journal entries with the underlying documentation and accounting records; and • assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the chairperson's review report, directors' report, key operating and financial data, horizontal analysis, vertical analysis and dupont analysis included in the annual report for the year ended 30 June 2026, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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KPMG Taseer Hadi & Co.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: 05 October 2026

UDIN: AR202610183nJb04YTDk

KPMG Taseer Hadi & Co.
Chartered Accountants

Ferozsons Laboratories Limited
Consolidated Statement of Financial Position
As at 30 June 2026

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital

150,000,000 (2025: 150,000,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid up capital
Capital reserve
Revaluation surplus on property, plant and equipment
Accumulated profits
Equity attributable to owners of the Company

Non-controlling interests

Non current liabilities

Long term loans - secured
Long term musharaka - secured
Deferred grant
Deferred taxation

Current liabilities

Trade and other payables
Current portion of:
- Long term loans - secured
- Long term musharaka - secured
- Deferred grant
Contract liabilities
Short term borrowings - secured
Unclaimed dividend
Accrued mark-up

Contingencies and commitments

Note 2026 2025
Rupees Rupees

1,500,000,000 **1,500,000,000**

434,690,520 **434,690,520**
321,843 **321,843**
3,404,206,035 **3,543,841,204**
9,399,799,749 **8,396,342,572**
13,239,018,147 **12,375,196,139**

2,346,760,603 **2,091,492,320**
15,585,778,750 **14,466,688,459**

1,090,689,604 **1,418,820,425**
157,972,146 **229,111,824**
237,645,928 **351,552,962**
1,407,448,208 **1,486,659,972**
2,893,755,886 **3,486,145,183**

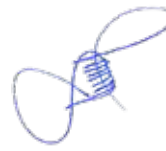
3,868,182,978 **3,346,868,600**
348,719,483 **334,669,603**
68,974,178 **61,075,146**
114,440,499 **128,490,379**
252,293,371 **340,839,485**
2,585,394,483 **2,248,359,022**
105,054,541 **99,116,101**
99,257,270 **92,695,474**
7,442,316,803 **6,652,113,810**

25,921,851,439 **24,604,947,452**

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer

ASSETS

Non current assets

Property, plant and equipment
Intangible assets
Investment property
Long term deposits

11,704,502,496 **11,556,822,174**
14,814,296 **27,627,559**
79,371,992 **79,371,992**
174,110,693 **42,835,216**
11,972,799,477 **11,706,656,941**

Current assets

Stores, spare parts and loose tools
Stock in trade
Trade debts
Loans and advances - considered good
Deposits and prepayments
Other receivables - considered good
Advance income tax - net
Short term investments
Cash and bank balances

422,573,402 **205,910,578**
8,679,913,062 **6,600,503,373**
2,589,356,784 **2,301,227,364**
393,170,755 **255,608,821**
116,742,432 **284,042,284**
127,408,091 **285,309,001**
566,818,857 **612,129,972**
410,955,733 **1,661,032,001**
642,112,846 **692,527,117**
13,949,051,962 **12,898,290,511**

25,921,851,439 **24,604,947,452**



Director

Ferozsons Laboratories Limited

Consolidated Statement of Profit or Loss

For the year ended 30 June 2026

	Note	2026 Rupees	2025 Rupees
Revenue - net	28	23,957,685,745	18,856,899,587
Cost of sales	29	(13,253,003,298)	(10,860,268,990)
Gross profit		10,704,682,447	7,996,630,597
Administrative expenses	30	(1,169,140,919)	(901,827,710)
Selling and distribution expenses	31	(6,970,081,604)	(4,952,536,675)
Other expenses	32	(227,515,946)	(195,257,074)
Other income	33	207,510,398	254,938,732
Allowance for credit loss	22.1 & 24.2	(69,989,789)	(72,205,119)
Profit from operations		2,475,464,587	2,129,742,751
Finance cost	34	(418,064,158)	(574,280,181)
Profit before income tax, final tax and minimum tax differential		2,057,400,429	1,555,462,570
Minimum tax differential	35	(40,777,199)	(30,267,815)
Profit before income tax		2,016,623,230	1,525,194,755
Income tax	36	(788,893,875)	(603,481,606)
Profit after taxation		1,227,729,355	921,713,149
Attributable to:			
Owners of the Group		978,579,797	776,541,200
Non-controlling interests		249,149,558	145,171,949
Profit after taxation		1,227,729,355	921,713,149
Earnings per share - basic and diluted	37	22.51	17.86

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2026

	2026 Rupees	2025 Rupees
Profit after taxation	1,227,729,355	921,713,149
<u>Items that will not be subsequently reclassified to profit or loss</u>		
Effect on deferred tax on revaluation surplus due to change in effective tax rate	65,237,144	-
Other comprehensive income	65,237,144	-
Total comprehensive income for the year	1,292,966,499	921,713,149
Attributable to:		
Owners of the Group	1,037,698,216	776,541,200
Non-controlling interests	255,268,283	145,171,949
	1,292,966,499	921,713,149

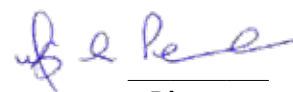
The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



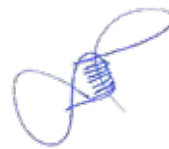
Director

Ferozsons Laboratories Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2026

	Attributable to Owners of the Company					
	Capital reserve		Revenue reserve		Total	Non-controlling interests
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits		
Balance as at 01 July 2024	434,690,520	321,843	3,753,246,119	7,040,048,601	11,228,307,083	591,877,248
Total comprehensive income for the year						
Profit after taxation	-	-	-	776,541,200	776,541,200	145,171,949
Surplus transferred to accumulated profit:	-	-	-	776,541,200	776,541,200	145,171,949
on account of incremental depreciation on property, plant and equipment charged during the year - net of tax transfer from surplus on revaluation of fixed assets on disposal	-	-	(205,925,360)	205,925,360	-	-
	-	-	(3,479,555)	3,479,555	-	-
	-	-	(209,404,915)	209,404,915	-	-
Transactions with owners of the Company, recognized directly in equity - Distributions						
- final dividend for the year ended 30 June 2024 at Rs. 3 per share	-	-	-	(130,407,156)	(130,407,156)	-
- effect of issuance of new shares by subsidiary to NCI (other than parent)	-	-	-	500,755,012	500,755,012	1,354,443,123
	-	-	-	370,347,856	370,347,856	1,354,443,123
Balance as at 30 June 2025	434,690,520	321,843	3,543,841,204	8,396,342,572	12,375,196,139	2,091,492,320
Total comprehensive income for the year						
Profit after taxation	-	-	-	978,579,797	978,579,797	249,149,558
Other comprehensive income	-	-	59,118,419	-	59,118,419	6,118,725
	-	-	59,118,419	978,579,797	1,037,698,216	255,268,283
Surplus transferred to accumulated profit:						
on account of incremental depreciation on property, plant and equipment charged during the year - net of tax transfer from surplus on revaluation of fixed assets on disposal	-	-	(194,152,800)	194,152,800	-	-
	-	-	(4,600,788)	4,600,788	-	-
	-	-	(198,753,588)	198,753,588	-	-
Transactions with owners of the Company, recognized directly in equity - Distributions						
- final dividend for the year ended 30 June 2025 at Rs. 4 per share	-	-	-	(173,876,208)	(173,876,208)	-
Balance as at 30 June 2026	434,690,520	321,843	3,404,206,035	9,399,799,749	13,239,018,147	2,346,760,603
						15,585,778,750

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.


Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Note	2026 Rupees	2025 Rupees
Cash flow from operating activities			
Profit before taxation		2,016,623,230	1,525,194,755
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	17.4	996,546,044	915,608,782
Amortisation of intangible assets	18	25,963,050	18,532,742
Provision of loss allowance	24 & 22	69,989,789	72,205,119
Net realisable value adjustment for the year	21.1	51,733,793	218,222,088
Reversal for slow moving stock in trade		(3,994,218)	(23,586,873)
Gain on disposal of property, plant and equipment	33.2	(26,973,407)	(24,034,734)
Finance costs	34	418,064,158	574,280,181
Gain on re-measurement of short term investments to fair value	26.1	(40,809)	(10,056,896)
Gain on sale of short term investments	26.1	(136,983,792)	(57,791,239)
Dividend income	33.1	(1,329,044)	(125,320,750)
Profit on deposits with bank	33.1	(11,147,929)	(25,350,528)
Workers' Profit Participation Fund	12.1	115,113,512	88,826,822
Central Research Fund	12.2	23,255,255	17,944,812
Workers' Welfare Fund	12.3	47,216,699	40,402,571
Minimum tax	35	40,777,199	30,267,815
		1,608,190,300	1,710,149,912
Cash generated from operations before working capital changes		3,624,813,530	3,235,344,667
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(216,662,824)	(9,597,087)
Stock in trade		(2,127,149,264)	(2,013,770,359)
Trade debts		(350,993,849)	47,288,217
Loans and advances - considered good		(137,561,934)	(44,479,933)
Deposits and prepayments		160,174,492	45,285,098
Other receivables		157,900,910	(1,501,886)
		(2,514,292,469)	(1,976,775,950)
Increase / (decrease) in current liabilities			
Trade and other payables		464,015,969	1,081,566,688
Contract liabilities		(88,546,114)	7,781,864
Cash generated from operations		1,485,990,916	2,347,917,269
Income tax paid		(757,557,380)	(739,967,803)
Minimum tax paid		(40,777,199)	(30,267,815)
Workers' Profit Participation Fund paid	12.1	(95,867,476)	(68,013,750)
Workers' Welfare Fund	12.3	(14,474,768)	(35,984,272)
Central Research Fund paid	12.2	(17,944,812)	(12,940,472)
Increase in long term deposits		(131,275,477)	(25,230,891)
Net cash generated from operating activities		428,093,804	1,435,512,266
Cash flow from investing activities			
Acquisition of property, plant and equipment		(1,177,698,356)	(663,566,034)
Acquisition of intangibles		(13,149,787)	(5,121,630)
Dividend income received		1,329,044	125,320,750
Proceeds from sale of property, plant and equipment	17.5	60,445,396	43,571,995
Profit on term deposits received	33.1	11,147,929	25,350,528
Short term investments - net	26.1	1,387,100,869	(1,096,688,571)
Net cash generated from / (used in) investing activities		269,175,095	(1,571,132,962)
Cash flow from financing activities			
Subscription money received against IPO - net of transaction cost		-	1,855,198,135
Long term loan received		-	32,374,000
Long term loan paid		(442,037,855)	(421,920,567)
Short term borrowings - net		151,264,882	147,552,931
Long term musharaka received		-	165,198,983
Long term musharaka paid		(63,240,646)	(43,729,160)
Finance cost paid		(411,502,362)	(687,564,389)
Dividend paid		(167,937,768)	(127,798,418)
Net cash (used in) / generated from financing activities		(933,453,749)	919,311,515
Net (decrease) / increase in cash and cash equivalents		(236,184,850)	783,690,819
Cash and cash equivalents at the beginning of the year		137,379,780	(646,311,039)
Cash and cash equivalents at the end of the year		(98,805,070)	137,379,780
Cash and cash equivalents comprise of the following:			
Cash and bank balances	27	642,112,846	692,527,117
Short term borrowings - secured	14	(740,917,916)	(555,147,337)
		(98,805,070)	137,379,780

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Ferozsons Laboratories Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2026

1 Reporting entity

Ferozsons Laboratories Limited ("the Holding Company") was incorporated as a private limited company on 28 January 1954 and commenced its commercial operations in 1956. The Holding Company was converted into a public limited company on 08 September 1960. The Holding Company is listed on the Pakistan Stock Exchange Limited and is primarily engaged in the imports, manufacture and sale of pharmaceutical products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the manufacturing facility is located at Nowshera, Khyber PakhtoonKhwa.

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2026	2025
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	57.36	57.36
Farmacia	Pakistan	Sale and distribution of medicines and other related products	98	98

The registered office of the BF Biosciences Limited is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore.

The head office of the Farmacia is situated at Fatima Memorial Hospital, Shadman, Lahore.

2 Basis of preparation

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited standalone financial statements of the Holding Company for the year ended 30 June 2026 and the audited financial statements of the subsidiaries for the year ended 30 June 2026.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for:

- land, building and machinery at revalued amount as referred in note 7 to these consolidated financial statements; and
- certain financial instruments at fair value through profit and loss account as referred in note 4.8 to these consolidated financial statements.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee which is the Group's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment made by management in the application of approved accounting standards that is relevant to the consolidated financial statements is as follows.

2.5.1 Tax Contingencies

The Group reviews the status of all pending tax litigations and claims against the Group. Based on its judgment and the advice of the tax and legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these tax litigations and claims can have an effect on the carrying amounts of the related assets and liabilities recognized at the consolidated statement of financial position date.

2.6 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on 01 July 2025 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

3.1 The following accounting and reporting standards as applicable in Pakistan and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2026:

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures:

- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, groups may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Group can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Group generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the group to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;

- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

▪ Other related amendments:

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a group needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual Improvements to IFRS Accounting Standards - Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

▪ The amendments to IFRS 9 address:

- A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables:

Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price - e.g. when the transaction price is variable. Conversely, IFRS 9 requires that groups initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require groups to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on trade receivables may require some groups to change their accounting policy.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Contracts Referencing Nature-dependent Electricity - (Amendments to IFRS 9 and IFRS 7) address the challenges faced by Groups in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity - sometimes referred to as renewable power purchase agreements (PPAs). The IASB has also added new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments Disclosures.

The amendments include guidance on:

- The 'own-use' exemption for purchasers of electricity under such PPAs; and
- Hedge accounting requirements for groups that hedge their purchases or sales of electricity using PPAs.

The amendments for the own-use exemption:

- Existing IFRS 9 guidance left ambiguity on whether PPAs could qualify for the own-use exemption (i.e., not accounted for as derivatives).
- The amendments allow a group to apply the own-use exemption to PPAs if the group has been, and expects to be, a net-purchaser of electricity for the contract period.
- The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application, without requiring prior periods to be restated.

The amendments for hedge accounting:

- Virtual PPAs and other PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Hedge accounting under IFRS 9 can help reduce volatility by reflecting how PPAs hedge future electricity purchases or sales, but applying it presents challenges. A key issue arises from a mismatch between the P50 estimate used to measure the PPA and the P90 estimate required for the highly probable hedged transaction, which may prevent hedge accounting qualification. Subject to certain conditions, the amendments permit designation of a variable nominal volume of forecasted renewable electricity sales or purchases as the hedged transaction, rather than a fixed volume based on P90 estimates. This variable volume reflects what is expected to be delivered by the referenced generation facility, supporting an economic offset and enabling hedge accounting. A P50 estimate indicates the volume of energy production expected to be exceeded with 50 percent probability. A P90 estimate indicates the volume of energy production expected to be exceeded with 90 percent probability.
- The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow groups to discontinue an existing hedging relationship if the same hedging instrument is designated under the new requirements.

The new disclosure requirements:

- A group may apply the own-use exemption to certain PPAs under the amendments and therefore would not recognize these PPAs in its consolidated statement of financial position.

Where this is the case, a group is required to disclose further information such as:

- contractual features exposing the group to variability in electricity volume and risk of oversupply;
- estimated future cash flows from unrecognized contractual commitments to buy electricity in appropriate time bands;
- qualitative information about how the group assessed whether a contract might become onerous; and
- qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used for the 'net-purchaser' assessment.

In addition, for PPAs designated in a cash flow hedging relationship, groups need to disaggregate the information disclosed about terms and conditions by risk category.

The amendments apply for reporting periods beginning on or after 1 January 2026.

Hyperinflationary presentation currency - (Amendments to IAS 21):

There is currently no specific guidance for translating a group's financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. This scenario arises when a group presents its consolidated financial statements in a hyperinflationary currency but has:

- a non-hyperinflationary functional currency; or
- a hyperinflationary functional currency and a foreign operation with a non-hyperinflationary functional currency.

The amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates to clarifies that:

- a group with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency;
- a group uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives; and
- restates the comparative information of the foreign operation included in the group's previously issued consolidated financial statements by applying the general price index under paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies.

The group is also required to disclose:

- that the amendments have been applied in translating consolidated financial statements; and, when applicable.

- 'summarized financial information about its foreign operations affected by the translation method.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The amendments and interpretations are not expected to have any significant impact on the group's financial statements.

Adoption of IFRS 18 and IFRS 19

The Securities and Exchange Commission of Pakistan (SECP), vide S.R.O. 2444(I)/2025 dated 12 December 2025 has notified that "IAS-1, Presentation of Financial Statements", as referred to in the earlier notification S.R.O. No. 633(I)/2014, shall be replaced with "IFRS-18, Presentation and Disclosure in Financial Statements" and "IFRS-19, Subsidiaries without Public Accountability: Disclosures", and shall be followed for the preparation of group financial statements for annual reporting periods beginning on or after 01 January 2027:

The management is in the process of assessing the impact on adoption of these standards on the Group.

4 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

4.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company and the subsidiary companies together constituting "the Group".

4.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholder's equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

4.1.2 Non-controlling interests

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Holding Company's interest in a Subsidiary, except those part of the initial acquisition transaction, that do not result in a loss of control are accounted for as equity transactions.

4.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

4.2 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Group and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

4.2.1 Defined contribution plan

The Group operates an approved defined contributory Provident Fund Trust for all its employees. Equal monthly contributions are made by the Group and employees at the rate of 10% of the basic salary to the Provident Fund Trust. Obligation for contributions to defined contribution plan is expensed as the related service is provided.

4.2.2 Compensated absences

The Group provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the consolidated statement of profit or loss.

4.3 Taxation

Income tax expense comprises current tax and deferred tax. It is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized directly in the consolidated statement of profit or loss (either in consolidated other comprehensive income or directly in consolidated equity), any related tax effects are also recognized outside consolidated profit and loss (either in the consolidated statement of other comprehensive income or directly in consolidated equity, respectively).

4.3.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous periods. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

4.3.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in the consolidated statement of profit or loss, any related tax effects are also recognized in the consolidated statement of profit or loss.

For transactions and other events recognized outside the consolidated statement of profit or loss (either in consolidated other comprehensive income or directly in consolidated equity), any related tax effects are also recognized outside consolidated profit and loss (either in the consolidated statement of other comprehensive income or directly in consolidated equity, respectively).

The Group takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.3.3 Final tax and minimum tax

Tax charged under the Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the consolidated statement of profit or loss and consolidated other comprehensive income as these levies fall under the scope of IFRIC 21 / IAS 37.

4.4 Property, plant and equipment

Recognition and measurement:

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- land (freehold) which is carried at revalued amount less impairment, if any.
- capital work in progress and advance for capital expenditure which are stated at cost less impairment loss, if any

Building on freehold land and plant and machinery are stated at revalued amounts based on valuation by external independent valuer less accumulated depreciation and impairment losses, if any. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholder's equity and presented as a separate line item in the consolidated statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in consolidated statement of comprehensive income and accumulated in revaluation surplus in shareholder's equity. To the extent that increase reverses a decrease previously recognized in the consolidated statement of profit or loss, the increase is first recognized in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in the consolidated statement of comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to the consolidated statement of profit or loss over its estimated useful life after taking into account the residual value, if any. The Group reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with it. Any change in the estimates in the future may affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Maintenance and normal repairs are charged to the consolidated statement of profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the consolidated statement of profit or loss.

4.5 Investment property

Property, comprising land, held to earn rentals or for capital appreciation or both is classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Group's business model i.e. the Group's intentions regarding the use of property is the primary criterion for classification as an investment property.

The investment property of the Group comprises of Land and is valued using the cost method. Investment property is initially measured at cost, being the fair value of the consideration given (including the transaction costs). Subsequent to initial recognition, these are stated at cost less any accumulated impairment loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.6 Capital work in progress

Capital work-in-progress is stated at cost less impairment loss if any and consists of expenditure made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use. Cost also includes applicable borrowing cost.

4.7 Intangibles

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized on straight-line basis. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.8 Financial instruments

4.8.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

4.8.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVTPL) and in case of equity instrument it is classified either FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss. Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, accrued profit, trade debts and other receivables. Interest accrued on financial assets measured at amortized cost is presented separately in the consolidated statement of financial position. Such accrued interest is included in the amortized cost of the respective instruments for the purposes of IFRS 9.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the reporting date.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss. The Group has classified its investments in mutual funds as at FVTPL.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

Financial liabilities comprise trade and other payables, long term loans from financial institutions (including current portion), markup accrued on borrowings, unclaimed dividend and short term borrowings.

Long term loans are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the consolidated statement of profit or loss over the period of the borrowings on an effective interest basis.

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.8.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

4.8.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Investments

Investments in Mutual Fund are classified at fair value through profit or loss and is initially measured at fair value and is subsequently measured at fair value determined using the market value of instruments at each reporting date. Net gains and losses are recognized in the consolidated statement of profit or loss.

4.10 Trade debts

Trade debts represent the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). These are classified at amortized cost and are initially recognized when they are originated and measured at invoice value. These assets are written off when there is no reasonable expectation of recovery. The policy for impairment of trade debtors on account of expected credit loss is mentioned in note 4.11 to these consolidated financial statements.

4.11 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, and bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

For financial assets measured at amortized cost, recognition of impairment is based on expected credit loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Group has elected to measure loss allowances for trade debts including due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs.

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non - Financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.12 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

4.13 Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Estimates of the amount of provisions recognized are based on current legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

4.14 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the consolidated statement of profit or loss.

4.15 Inventories

Inventories include stock in trade and stores, spare parts and loose tools. These are stated at the lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, and valuation has been determined as follows:

Raw materials	Weighted average cost
Work-in-process and finished goods	Cost of direct materials, labor and appropriate manufacturing overheads

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale (selling expenses).

For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Group reviews the carrying amounts of stock in trade and stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools. Carrying amount is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances and short term borrowings that are repayable on demand and form an integral part of the Group's cash management.

4.17 Revenue recognition

Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts. Specific revenue and other income recognition policies are as follows:

4.17.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discounts. The contract contains distinct goods to be delivered and a single performance obligation to be satisfied. Revenue is recognized at a point in time when customers obtain control of the goods, which occurs when the goods are either dispatched or delivered at the customers' premises. For export sales, revenue is recognized when control of the goods is transferred to the customer, in accordance with the applicable Incoterms.

4.17.2 Toll manufacturing

There are contracts with customers to manufacture, on their behalf, the pharmaceutical products using raw materials provided by the customer. Revenue from contracts with customers is recognized, when a performance obligation has been fulfilled by transferring control of goods to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes, sales return and after deduction of any trade discounts.

4.18 Other income

Other income is recognized on an accrual basis. Net gains and losses on disposal of property, plant and equipment have been recognized in the consolidated statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. Income on bank deposits is recognized using effective interest method. Foreign currency gains and losses are reported on a net basis. Dividend income and entitlement of bonus shares are recognized when the right to receive is established. Gains and losses on sale of investments are accounted for on disposal of investments.

4.19 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

4.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

4.21 Share Capital and Dividend

Ordinary shares are classified as equity and recognized at their fair value.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Group's consolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Group's shareholders as the case may be.

4.22 Segment Reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is an identifiable component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officers, who make strategic decisions. Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments are engaged in providing products which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Ferozsans

The Ferozsans segment is primarily engaged in the import, manufacture and sale of pharmaceutical products as well as import and sale of medical devices.

BF Biosciences

The BF Biosciences segment is primarily engaged in the import, manufacture and sale of pharmaceutical products.

Others

The others segment is primarily engaged in sale of pharmaceutical and other related products.

4.23 Deferred Grant

The Group follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received.

In subsequent years, the grant is recognized in the consolidated statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

4.24 Contingencies

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the Muj'ir (lessor) are classified as operating Ijarah. Payments made during the year are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the Ijarah in accordance with Islamic Financial Accounting Standard-2.

4.26 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

	2026 Rupees	2025 Rupees
5 Issued, subscribed and paid up capital		
1,441,952 (2025: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2025: 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
41,907,500 (2025: 41,907,500) ordinary shares of Rs. 10 each issued as fully paid bonus shares	419,075,000	419,075,000
	<u>434,690,520</u>	<u>434,690,520</u>

KFW Factors (Private) Limited, an associated company holds 11,933,194 (2025: 11,933,194) ordinary shares of Rs. 10 each of the Holding Company, representing 27.45% (2025: 27.45%) of the equity held.

6 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil and Flour Mills Limited, since merged.

7	Surplus on revaluation of property, plant and equipment - net of tax	Note	2026 Rupees	2025 Rupees
	Revaluation surplus as at 01 July		4,915,607,914	5,287,781,419
	Surplus transferred to accumulated profit on account of incremental depreciation charged during the year - net of deferred tax	7.1	(217,003,469)	(224,903,310)
	Related deferred tax liability		(127,446,481)	(143,790,640)
			(344,449,950)	(368,693,950)
	Surplus transferred to accumulated profit:			
	- on account of disposal during the year net of deferred tax		(4,600,788)	(3,479,555)
	- related deferred tax liability		(2,702,050)	-
			(7,302,838)	(3,479,555)
	Revaluation surplus as at 30 June		4,563,855,126	4,915,607,914
	Less: Related deferred tax liability:			
	- On revaluation as at 01 July		(1,272,124,307)	(1,415,914,947)
	- On disposal during the year		2,702,050	-
	- Tax rate adjustment	11	65,237,144	-
	- Transferred on account of incremental depreciation charged during the year		127,446,481	143,790,640
			(1,076,738,632)	(1,272,124,307)
	Revaluation surplus as at 30 June	7.2	3,487,116,494	3,643,483,607
7.1	Charge of incremental depreciation for the year net of tax attributable to:			
	Owners of the Group		(194,152,800)	(205,925,360)
	Non-controlling interests		(22,850,669)	(18,977,950)
			(217,003,469)	(224,903,310)
7.2	Balance as at 30 June attributable to:			
	Owners of the Group		3,404,206,035	3,543,841,204
	Non-controlling interests		82,910,459	99,642,403
			3,487,116,494	3,643,483,607

- 7.3** The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011, 2016, 2020 and 2024. The latest revaluation was conducted by M/s Asif Associates (Private) Limited (independent valuer and consultant) as at 30 June 2024, that resulted in a further surplus of Rs. 3,880 million. Freehold land and buildings on freehold land have been carried at revalued amounts determined by professional valuers (level 2 measurement) based on their assessment of the market values. While the depreciated replacement cost approach is used for revaluation of plant and machinery. These revaluations had resulted in a cumulative surplus of Rs. 5,287 million, which has been included in the carrying values of freehold land, building on freehold land and plant and machinery respectively and credited to the surplus on revaluation of property plant and equipment. The basis of revaluation for items of these fixed assets was as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well. The most significant input into this valuation approach was price per acre for land.

Buildings on freehold land

Construction specifications were noted for each building, structure and civil works and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value. The most significant input into this valuation approach was price per square foot for building.

Plant and machinery

Fair market value of plant and machinery was assessed by taking into account manufacturing cost of individual machines on the basis of material and technology used for manufacturing of the machine on international engineering standards and practice. The most significant input into this valuation approach was present operational condition and age of plant and machinery.

8	Long term loans- secured	Note	2026 Rupees	2025 Rupees
	Allied Bank Limited - SBP LTFF Renewable Energy	8.1	67,407,407	86,666,662
	Faysal Bank Limited - SBP Islamic Renewable	8.2	78,859,506	94,631,407
	MCB Bank Limited - TERF	8.3 & 8.6	612,879,901	718,650,635
	Habib Bank Limited. - TERF	8.4 & 8.6	756,749,270	912,601,650
	Karandaaz Pakistan	8.5 & 8.6	275,599,430	420,983,015
	Accrued Markup		10,052,995	19,659,183
	Total		1,801,548,509	2,253,192,552
	Less: Impact of deferred grant		(352,086,427)	(480,043,341)
	Total		1,449,462,082	1,773,149,211
	Current portion of long term loans		(348,719,483)	(334,669,603)
	Less: Accrued Markup		(10,052,995)	(19,659,183)
	Non current portion		1,090,689,604	1,418,820,425

8.1 This represents term finance facility under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation/commissioning of solar power systems to promote the use of renewable energy. The facility carries a sanctioned limit of Rs. 165 million and a fixed markup rate of 6% per annum (SBP rate of 2% plus the bank's spread of 4%) payable on quarterly basis. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20. The loan is repayable in 27 quarterly instalments. The facility is secured by a joint pari passu hypothecation charge over all present and future fixed assets (plant and machinery) of the Holding Company, with a 25% margin.

8.2 This represents term finance facility under "SBP Islamic Renewable Energy Finance Scheme" introduced by Government of Pakistan in order to finance installation of solar power plant. The facility carries a sanctioned limit of Rs. 110 million and a fixed markup rate of 6% per annum (SBP rate of 2% plus the bank's spread of 4%) payable on quarterly basis. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20. The loan is repayable in 14 semi annual instalments. The facility is secured by a joint pari passu hypothecation charge over all present and future fixed assets (Plant & Machinery) of the Holding Company, with a 25% margin.

8.3 This represents long term financing obtained from MCB Bank Limited under the State Bank of Pakistan's Temporary Economic Refinance Facility (TERF) scheme, with a sanctioned limit of up to Rs. 850 million, to finance the installation of a second production line at the Subsidiary company's existing facility for the manufacturing of biological and non-biological medicines. The loan is repayable in 32 quarterly instalments commencing from 23 July 2023. Being a below market interest rate loan, the loan was initially recorded at present value and subsequently at amortised cost. The loan is secured by a first pari passu charge over all present and future fixed and current assets of the Subsidiary company, with a security margin of 25%. The financing is also secured by a cross-corporate guarantee from Holding Company.

8.4 This represents long term financing obtained from Habib Bank Limited under the State Bank of Pakistan's Temporary Economic Refinance Facility (TERF) Scheme, with a sanctioned limit of up to Rs. 1,240 million, to finance the installation of a second production line at the Subsidiary company's existing facility for the manufacturing of biological and non-biological medicines. The loan is repayable in 16 equal semi-annual instalments commencing from 7 October 2023. Being a below market interest rate loan, the loan was initially recorded at present value and subsequently at amortised cost. The loan is secured by a first pari passu charge over all present and future fixed and current assets of the Subsidiary Company, with a security margin of 25%. The financing is also secured by a cross-corporate guarantee from Holding Company.

8.5 This represents long term financing obtained from Karandaaz Pakistan, with a sanctioned limit of up to Rs. 835 million, to finance the installation of a second production line at the Subsidiary company's existing facility for the manufacture of biological and non-biological medicines. The loan carries a fixed interest rate of 3% and is repayable in 20 equal quarterly instalments commencing from 30 June 2023. Being a below market interest rate loan, the loan was initially recorded at present value and subsequently at amortised cost. The loan is secured by a first pari passu charge over all present and future current and fixed assets of the Subsidiary company for the total amount of the facility, with a security margin of 10%. The financing is also secured by a cross-corporate guarantee from Holding Company.

8.6 These loans carry mark-up at the rates ranging from 1.93% to 3.00% (2025: 1.93% to 3.00%) per annum.

9	Long term musharaka - secured	2026 Rupees	2025 Rupees
	<u>Islamic mode of financing</u>		
	First Habib Modaraba - Financial Institution	226,946,324	290,186,970
	Total	226,946,324	290,186,970
	Current portion of musharaka	(68,974,178)	(61,075,146)
	Non current portion	157,972,146	229,111,824

9.1 This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba for the purpose of purchase of vehicles. The facility carries a sanctioned limit of Rs. 400 million and carries markup at the rate of 3 month KIBOR plus 0.9% (2025: 3-month KIBOR plus 0.9%) per annum. The loan is repayable in 60 equal monthly installments in arrears starting from the date of inception of each contract. The facility is secured by a Hypothecation charge over the assets (i.e. vehicles), provided to the Group under this contract.

	2026 Rupees	2025 Rupees
10 Deferred grant		
Balance as at 01 July	480,043,341	615,118,820
Recognized during the year	-	5,784,517
Amortisation during the year	(127,956,914)	(140,859,996)
Unamortized balance of deferred grant	352,086,427	480,043,341
Less: current portion	(114,440,499)	(128,490,379)
Balance as at 30 June	237,645,928	351,552,962

10.1 This represents government grant recognized on TERF facilities obtained from MCB Bank Limited and Habib Bank Limited, LTFF Renewable Energy facility obtained from Allied Bank Limited and Islamic Renewable Energy Finance facility obtained from Faysal Bank Limited (since the markup rate was lower than the market rate) as stated in note 8. The grant is being amortized on a systematic basis over the term of the loan.

	2026 Rupees	2025 Rupees
11 Deferred taxation		
The liability for deferred taxation comprises of temporary differences relating to:		

Deferred tax liability on taxable temporary differences arising in respect of:

- Accelerated tax depreciation allowances	696,011,069	637,506,303
- Surplus on revaluation of property plant and equipment	1,076,738,631	1,272,124,306
- Equity portion of convertible loan	6,360,940	14,978,762
- Unrealized gain on short term investments - mutual funds	(106,345)	820,750
	1,779,004,295	1,925,430,121

Deferred tax asset on deductible temporary differences arising in respect of:

- Loss allowance against trade debts and earnest money	(152,883,399)	(152,359,821)
- Unused tax losses and tax credits	(118,228,644)	(257,303,566)
- Compensated absences and other provisions	(100,444,044)	(29,106,762)
	(371,556,087)	(438,770,149)
	1,407,448,208	1,486,659,972

11.1 Movement in deferred tax balances is as follows:

2026					
(Reversal from) / charge to					
Balance as at 01 July	Statement of profit or loss		Statement of other comprehensive income	Statement of changes in equity	Balance as at 30 June
	(Credited) / charged for the year	Effect of rate change	Effect of rate change	(Credited) / charged for the year	
	(Rupees)				

Taxable temporary difference

Accelerated tax depreciation allowances	637,506,303	91,197,397	(32,692,631)	-	-	696,011,069
Surplus on revaluation of property, plant and equipment	1,272,124,306	(130,148,531)	-	(65,237,144)	-	1,076,738,631
Equity portion of convertible loan	14,978,762	(7,849,680)	(768,142)	-	-	6,360,940
Unrealized gain on short term investments - mutual funds	820,750	(885,005)	(42,090)	-	-	(106,345)
	1,925,430,121	(47,685,819)	(33,502,863)	(65,237,144)	-	1,779,004,295

Deductible temporary differences

Loss allowance against trade debts & earnest money	(152,359,821)	(8,336,902)	7,813,324	-	-	(152,883,399)
Unused tax losses and tax credits	(257,303,566)	125,879,867	13,195,055	-	-	(118,228,644)
Compensated absences and other provisions	(29,106,762)	(72,829,936)	1,492,654	-	-	(100,444,044)
	(438,770,149)	44,713,029	22,501,033	-	-	(371,556,087)
	1,486,659,972	(2,972,790)	(11,001,830)	(65,237,144)	-	1,407,448,208

2025					
(Reversal from) / charge to					
Balance as at 01 July	Statement of profit or loss		Statement of other comprehensive income	Statement of changes in equity	Balance as at 30 June
	(Credited) / charged for the year	Effect of rate change	Effect of rate change	(Credited) / charged for the year	
(Rupees)					

Taxable temporary difference

Accelerated tax depreciation allowances	230,690,829	403,802,052	3,013,422	-	-	637,506,303
Surplus on revaluation of property, plant and equipment	1,415,914,947	(143,790,641)	-	-	-	1,272,124,306
Equity portion of convertible loan	24,900,378	(11,267,582)	1,345,966	-	-	14,978,762
Unrealized gain on short term investments - mutual funds	9,715,083	(8,892,186)	(2,147)	-	-	820,750
	1,681,221,237	239,851,643	4,357,241	-	-	1,925,430,121

Deductible temporary differences

Loss allowance against trade debts & earnest money	(119,917,679)	(32,442,142)	-	-	-	(152,359,821)
Unused tax losses	-	(257,303,566)	-	-	-	(257,303,566)
Compensated absences and other provisions	(37,308,371)	9,947,755	(1,746,146)	-	-	(29,106,762)
	(157,226,050)	(279,797,953)	(1,746,146)	-	-	(438,770,149)
	1,523,995,187	(39,946,310)	2,611,095	-	-	1,486,659,972

			2026 Rupees	2025 Rupees
12	Trade and other payables	Note		
	Trade creditors		1,713,035,724	1,930,704,849
	Accrued liabilities		1,206,702,161	669,356,025
	Tax deducted at source		32,493,926	48,922,649
	Provision for compensated absences		109,260,945	84,388,396
	Workers' Profit Participation Fund	12.1	118,975,119	92,521,338
	Central Research Fund	12.2	23,255,255	17,944,812
	Workers' Welfare Fund	12.3	92,874,402	60,132,471
	Advances from employees against purchase of vehicles		209,214,362	141,288,397
	Due to related parties - unsecured	12.4	36,247,679	63,475,425
	Other payables		326,123,405	238,134,238
			<u>3,868,182,978</u>	<u>3,346,868,600</u>
12.1	Workers' Profit Participation Fund			
	Balance payable as at 01 July		92,521,338	65,885,033
	Provision for the year	32	115,113,512	88,826,822
	Interest on funds utilized by the Group	34	7,207,745	5,823,233
			<u>214,842,595</u>	<u>160,535,088</u>
	Payment made during the year		(95,867,476)	(68,013,750)
	Balance payable as at 30 June		<u>118,975,119</u>	<u>92,521,338</u>
12.2	Central Research Fund			
	Balance as at 01 July		17,944,812	12,940,472
	Provision for the year	32	23,255,255	17,944,812
			<u>41,200,067</u>	<u>30,885,284</u>
	Payment made during the year		(17,944,812)	(12,940,472)
	Balance as at 30 June		<u>23,255,255</u>	<u>17,944,812</u>
12.3	Workers' Welfare Fund			
	Balance as at 01 July		60,132,471	55,714,172
	Provision for the year	32	47,216,699	40,402,571
			<u>107,349,170</u>	<u>96,116,743</u>
	Payment made during the year		(14,474,768)	(35,984,272)
	Balance as at 30 June		<u>92,874,402</u>	<u>60,132,471</u>
12.4	Due to related parties - unsecured			
	Grupo Empresarial Bagó S.A	12.4.1	29,336,314	29,336,314
	Bagó Laboratories Pte Ltd		6,911,365	34,139,111
			<u>36,247,679</u>	<u>63,475,425</u>
12.4.1	This pertains to royalty payable to Grupo Empresarial Bagó S.A - Spain (non-controlling share holder) against sales of patent products.			
13	Contract liabilities		2026 Rupees	2025 Rupees
	Balance as at 30 June		<u>252,293,371</u>	<u>340,839,485</u>
13.1	This represents advance received from customers for future sale of goods. During the year, the Group has recognized revenue amounting to Rs. 306.72 million (2025: Rs. 221.01 million), out of the contract liability as at beginning of the reporting year.			

14	Short term borrowings - secured	Note	2026 Rupees	2025 Rupees
	Short term borrowings - secured	14.1	2,585,394,483	2,248,359,022
	Accrued mark-up	15	89,204,275	73,036,291
			<u>2,674,598,758</u>	<u>2,321,395,313</u>
	Less:			
	Accrued markup presented separately		<u>(89,204,275)</u>	<u>(73,036,291)</u>
			<u>2,585,394,483</u>	<u>2,248,359,022</u>

14.1 Particulars of short term borrowings - secured

Interest / markup based financing	14.2	740,917,916	555,147,337
Islamic mode of financing	14.3	1,844,476,567	1,693,211,685
		<u>2,585,394,483</u>	<u>2,248,359,022</u>

14.2 Under Mark up arrangements

Holding Company

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 2,850 million (2025: Rs. 3,150 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2025: one to three months KIBOR plus 0% to 1%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 2,550 million (2025: Rs.2,850 million) can interchangeably be utilized as non-funded facilities. These facilities of Rs. 2,850 are secured by joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery (2025: Rs. 2,850 million are secured by joint pari passu charge over present and future current assets of the Company along with 25% margin over plant and machinery and lien on investments placed with HBL mutual funds). These facilities are renewable on annual basis latest by 30 June 2026.

Subsidiary Company - BF Biosciences Limited

The Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 825 million (2025: Rs. 825 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 0.75% (2025: one to three months KIBOR plus 0% to 0.75%) per annum on the outstanding balances. These facilities can interchangeably be utilized as non-funded facilities. The aggregate short term borrowings are secured by pari passu charge of Rs. 1,100 million (2025: Rs. 1,100 million) over present and future current assets and plant and machinery of the Company and lien over shipping documents. These facilities are renewable latest by 31 January 2027.

14.3 Under Shariah compliant arrangements

Holding Company

The Company has short term borrowing facilities i.e. Running Musharakah available from various Islamic banks under profit arrangements, having sanctioned limit of Rs. 2,600 million (2025: Rs. 2,600 million). These facilities carry profit rate of one to three months KIBOR plus 0.10% to 0.25% (2025: one to three months KIBOR plus 0.1% to 0.25%) per annum on the outstanding balance. These facilities can interchangeably be utilized as non-funded facility up to Rs 2,000 million (2025: Rs. 2,000 million).

These facilities of Rs. 2,600 million are secured by joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery). This facility is renewable on annual basis latest by 30 November 2026.

Subsidiary Company - BF Biosciences Limited

The Company has short term borrowing facilities i.e. Running Musharakah available from various Islamic banks under profit arrangements having aggregate sanctioned limit of Rs. 1,200 million (2025: Rs. 900 million). These facilities carry profit rates of one to three months KIBOR plus 0.15% to 0.25% (2025: one to three months KIBOR plus 0.15% to 0.25%) per annum on the outstanding balances.

These facilities can interchangeably be utilized as non-funded facilities. The aggregate short term borrowings are secured by pari passu charge of Rs. 1,600 million (2025: Rs. 1,200 million) over present and future current assets and plant and machinery of the Company. These facilities are renewable latest by 30 November 2026.

		2026 Rupees	2025 Rupees
15	Accrued mark-up		
	Long term loans - secured		
	Conventional Interest / mark-up based loans	8,762,581	16,673,068
	Islamic mode of financing	1,290,414	2,986,115
		10,052,995	19,659,183
	Short term borrowings - secured		
	Conventional Interest / mark-up based loans	32,698,618	27,946,678
	Islamic mode of financing	56,505,657	45,089,613
		89,204,275	73,036,291
		99,257,270	92,695,474
16	Contingencies and commitments		
16.1	Contingencies		
16.1.1	Tax Contingencies		
	Holding Company		
16.1.1.1	In April 2019 the ACIR issued notice to the Company u/s 122(9) of Income Tax Ordinance, 2001 for Tax Year 2017. The proceedings were concluded in December 2020 and an order was issued amounting to Rs. 84,319,918 on various contentions, which mainly includes WHT implications on cost of sales purchases, amortization of expenses related to conference, seminars & trainings and promotional expenses. The Company had filed an appeal against this demand before Commissioner Appeals who partially decided the matter in favor of the Company and remanded back the remaining matters for fresh consideration. The Company had filed an appeal against this order before the Appellate Tribunal Inland Revenue, which was subsequently decided in the favor of the Company. The Department filed reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.		
16.1.1.2	The Additional Commissioner Inland Revenue (ACIR) issued an order for Tax Year 2020 under section 122(5A) of the Income Tax Ordinance, 2001 on May 17, 2023, increasing the tax liability by Rs.68,568,159 on various contentions, which mainly includes discounts on sales, amortisation of expenses related to conferences, seminars & trainings, advertisement expenses, amount added u/s 18(1)d and u/s 23 of ITO, 2001.		

The Company had filed an appeal against this demand before Commissioner Appeals who confirmed the advertisement and conference, seminars & trainings as additions to the income while deleted the remaining matters. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 16.1.1.3** In July 2022 the DCIR has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs.55,674,204 based on the observation that the Company has not deducted withholding tax while making payment to certain suppliers. Being aggrieved with the order, the Company filed an appeal before CIR(A). During the year 2023, the CIR(A) deleted the demand of Rs.53,674,204 and remanded back the remaining proceedings to DCIR for fresh consideration. In May 2024 appeal effect proceedings were initiated and Company submitted the required data. On June 28,2025 the DCIR passed an order with a demand of Rs.1,802,320 under section 161 of the Ordinance and charged default. The Company has filed an appeal against this demand before Commissioner Appeals in July 2025. During pendency of this appeal the department adjusted this demand on December 29,2025 while issuing income tax refund for the year 2017. The Company has filed an appeal against this adjustment before Commissioner Appeals in January 2026 which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.4** In April 2019, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions, which mainly includes advertisement & publicity, medical research, trade creditors, additions u/s 111(1)(d), other revenues claimed as exempt added u/s 39, share in AOP taxed in hands of taxpayer u/s 92 read with sec. 18 and the earnest money written off u/s 29. The Company had filed an appeal against this demand before CIR (A) who deleted additions on account of section 111(1)(d), other revenue and share in AOP while remanded back the matters relevant to adjustable tax, trade creditors, tax credit and exchange loss. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue, which has been subsequently decided in the favor of the Company. The Department filed a reference against this order with Islamabad High Court which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.5** On January 28, 2025, the Company received a notice under section 122(5A) of the Income Tax Ordinance, 2001 in respect of Tax Year 2023 regarding the disallowance of Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) expenses under sections 60A and 60B of the Ordinance, on account of non-payment. The Company submitted its reply to the notice. The DCIR passed an order disallowing WPPF expense of Rs.13,738,238 and WWF expense of Rs. 4,156,382 and created a demand of Rs. 5,357,913 and Rs. 1,620,990 in respect of WPPF and WWF respectively. Subsequently, the Company filed an appeal against the said order before the Commissioner Appeals which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.6** on 28 January 2025, the Company received a notice under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 in respect of Tax Year 2024 regarding the disallowance of Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) expenses under sections 60A and 60B of the Ordinance, on account of non-payment. The Company submitted its reply to the notice. Subsequently, on May 30, 2025, the Additional Commissioner Inland Revenue passed an order disallowing WPPF expense of Rs.32,799,369 and WWF expense of Rs. 2,071,112 and created a demand of Rs. 12,791,754 and Rs. 807,734 respectively. The Company filed an appeal against the said order before the Commissioner (Appeals) on June 25, 2025, which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

- 16.1.1.7** In January 2023, the Company received a notice under section 221(2) of the Income Tax Ordinance, 2001 regarding adjustment of Workers' Welfare Fund (WWF) against income tax refund for the Tax Year 2021. The Company submitted its reply to the notice. Subsequently, on April 29, 2025, the Deputy Commissioner Inland Revenue (DCIR) passed an order creating a demand of Rs. 19,312,085. The Company filed an appeal against the said order before the Commissioner Appeals in May 2025, which is currently pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.8** On 29 December 2025, the Deputy Commissioner Refund (DCR) passed orders under Section 170(4) of the Income Tax Ordinance, 2001, whereby refunds amounting to Rs. 19,912,408 and Rs. 69,744,779 were issued, while refunds amounting to Rs. 10,806,187 and Rs. 11,976,342 relating to Tax Years 2017 and 2018, respectively, were rejected. Further, a demand amounting to Rs. 3,315,676 for Tax Year 2018 was adjusted. Subsequently, the Company filed appeals against the said orders before the Commissioner Appeals in January 2026, which are pending adjudication. Management is confident that the eventual outcome of the matters will be decided in favour of the Company.
- 16.1.1.9** On 20 April 2026, the Assessing Officer levied default surcharge through an order under sections 205/137 of the Income Tax Ordinance, 2001, amounting to Rs. 24,528,365. The matter relates to the levy of default surcharge by the tax authorities in respect of an alleged default in payment of Super Tax under section 4C of the Income Tax Ordinance, 2001 for Tax Year 2022. The Company filed an appeal against the said demand before the Commissioner Inland Revenue Appeals, which is pending adjudication. Management is confident that the eventual outcome of the matter will be decided in favour of the Company.

Subsidiary Company

- 16.1.1.10** On 15 June 2020, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2014. The proceedings were concluded on 29 June 2020, and an order was issued amounting to Rs. 35,992,726 on various contentions, which mainly includes promotional expenses, amortization and finance costs. The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment. The Income Tax Department has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.
- 16.1.1.11** As a result of monitoring proceedings of withholding taxes for tax year 2017, the Assessing Officer has issued Order and raised the demand of Rs.5,218,952 (inclusive of default surcharge) on account of non-withholding of tax on certain expenses including sales promotion and advertisement under section 156 of the Ordinance. The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment and upheld demand of Rs. 664,128 on account of travelling and daily allowance. The Company filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending. Appeal effect proceedings were initiated by the department in April 2024 and Company resubmitted required data.

During pendency of these proceedings, the DCIR, in December 2024 by referring to the second appeal filed by the Company with ATIR, passed an order under section 124/161/205 of the ITO, 2001, in which he gave appeal effect amounting to Rs. 664,128 on account of travelling and conveyance and Rs. 553,501 as default surcharge thereon. The department adjusted this amount along with the default surcharge against the refund claim pertaining to the tax year 2022. The Company has filed an appeal against this demand before Commissioner Appeals. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.12 During June 2025, the Assessing Officer, as a result of monitoring proceedings of withholding taxes for tax year 2019 has issued Order and raised the demand of Rs.17,241,644 (inclusive of default surcharge of Rs.7,219,348) on account of non-withholding of tax on certain expenses. The Company has filed an appeal against this demand before Commissioner Appeals. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.13 During November 2024, the ACIR issued a notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2019. The proceedings were concluded on 29 June 2025, and an order was issued raising tax liability of Rs. 9,309,351 on various contentions, which mainly includes admin, selling, promotional expenses, amortization and finance costs, unrealized exchange gain or loss and other provisions.

Being aggrieved with the order, the Company has filed an appeal against this demand before Commissioner Appeals. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

16.1.1.14 The Company is subject to tax matters relating to refund claims for Tax Years 2016, 2018, 2019, 2021 and 2022 and their adjustment against tax liabilities for Tax Years 2015 and 2017. In respect of Tax Year 2015, a demand of Rs. 52.617 million was initially adjusted against earlier tax years refunds. The tax authorities subsequently held such refunds to be unverifiable and revived the liability, which was thereafter adjusted through Rs. 47.690 million against refunds for Tax Years 2018, 2019 and 2021 and Rs. 4.927 million against the Tax Year 2022 refund. The Company had challenged, before CIR(A), the unfair rejections of prior years refunds and adjustment of liability of Rs. 52.617 million against the aforesaid refunds. Appeals for Tax Years 2016 and 2022 were decided against the Company and are pending before ATIR, whereas matters for Tax Years 2018 and 2019 were decided in favor of the Company and remanded for re-verification. The Company believes these interrelated matters are not sustainable, supported by an ATIR precedent dated July 7, 2025, for Tax Year 2021, wherein adjustment of refunds was held to be unlawful.

16.1.1.15 During November 2024, the ACIR issued a notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2021. The proceedings were concluded in January 2026, and an order was issued raising tax demand of Rs. 50,936,181 on various contentions, which mainly includes disallowance of promotional expenses, apportionment of expenses, unrealized exchange gain, initial allowance, and provisions. Being aggrieved with the order, the Company has filed an appeal against this demand before Commissioner Appeals. Management is confident that the eventual outcome of the matter will be decided in favor of the Company

16.1.1.16 The Commissioner Inland Revenue has raised a demand of Rs. 9,861,561 as default surcharge on alleged late payment of advance tax for Tax Year 2024. The Company settled its tax liability along with the income tax return and has filed an appeal before the Commissioner Inland Revenue (Appeals). The Company had unadjusted tax refunds outstanding with the tax authorities. In view of judicial precedents, default surcharge is not leviable where such refunds remain unadjusted and are available for adjustment against tax liabilities. Accordingly, management believes the demand is not sustainable and expects a favourable outcome.

16.1.2 Guarantees issued by banks on behalf of the Company

Holding Company

16.1.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 1,000 million (2025: Rs. 1,200 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 30 June 2026 was Rs. 657.60 million (2025: Rs. 575.72 million).

16.1.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 275 million (2025: Rs. 275 million) available from Islamic bank. The amount utilized at 30 June 2026 was Rs. 4.49 million (2025: Rs. 4.49 million).

16.1.2.3 Guarantees issued by the Company on behalf of the Subsidiary

The Company has approved limit for cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million (2025: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (2025: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions till date.

Subsidiary Company

16.1.2.4 Under Mark up arrangements

Out of the aggregate facilities of Rs. 185 million (2025: Rs. 185 million) for letters of guarantee (which is the sublimit of running finance and letters of credit), the amount utilized as at 30 June 2026 was Rs. 172.83 million (2025: Rs. 120.98 million).

16.1.2.5 Under Shariah compliant arrangements

The Company has facilities i.e. letters of guarantee of Rs. 150 million (2025: Rs. 150 million) available from various Islamic banks, the amount utilized as at 30 June 2026 was Rs. Nil (2025: Rs. Nil).

16.2 Commitments

16.2.1 Holding Company

16.2.1.1 Letter of credits

16.2.1.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 3,650 million (2025: Rs. 3,950 million) for opening letters of credit, the amount utilized as at 30 June 2026 for capital expenditure was Rs. Nil (2025: Rs. 310.93 million) and for other than capital expenditure was Rs. 460.82 million (2025: Rs.192.29 million). These facilities are secured by either joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery and lien over the import documents (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery, lien on investments placed with HBL mutual funds and lien over the import documents).

16.2.1.1.2 Under Shariah compliant arrangements

The Company have facilities i.e. letters of credit of Rs. 2,500 million (2025: Rs. 2,500 million) available from Islamic banks. The amount utilized as at 30 June 2026 for capital expenditure was Rs. Nil (2025: Rs. Nil) and for other than capital expenditure was Rs. 191.52 million (2025: Rs. 290.13 million). These facilities are secured by either joint pari passu charge over all present and future current assets and plant and machinery of the Company with 25% margin and lien over import documents (2025: joint pari passu charge over present and future current assets of the Company with 25% margin over plant and machinery and lien over import documents).

16.2.1.1 Under Shariah compliant arrangements – Ijarah Commitments

The Company has entered into Ijarah arrangements for vehicles with various Islamic banks. Aggregate commitments for these Ijarah arrangements as at 30 June 2026, are as follows:

	2026 Rupees	2025 Rupees
Future payments under Ijarah:		
Not later than one year	147,832,154	55,128,345
Later than one year but not later than five years	483,827,477	216,086,563
Later than five years	-	-
	<u>631,659,631</u>	<u>271,214,908</u>

16.2.2 Subsidiary Company

16.2.2.1 Letter of credits

16.2.2.1.1 Under Mark up arrangements

Out of aggregate facilities of Rs. 1,055 million (2025: Rs. 1,055 million) for opening letters of credit, the amount utilized as at 30 June 2026 for capital expenditure was Rs. 74.59 million (2025: Rs. 4.42 million) and for other than capital expenditure was Rs. 49.14 million (2025: Rs. 49.66 million). These facilities are secured by pari passu charge (2025: pari passu charge) over all present and future current assets and plant and machinery of the Company.

16.2.2.1.2 Under Shariah compliant arrangements

The Company has facilities i.e. letters of credit of Rs. 1,200 million (2025: Rs. 900 million) available from various Islamic banks. The amount utilized as at 30 June 2026 for capital expenditure was Rs. 65.23 million (2025: Rs. 8.14) and for other than capital expenditure was Rs. 26.24 million (2025: Rs. 75.85). These facilities are secured by pari passu charge (2025: pari passu charge) over all present and future current assets and plant and machinery of the Company.

16.2.2.2 Under Shariah compliant arrangements – Ijarah Commitments

The Company has entered into Ijarah arrangements for vehicles with Meezan bank and BankIslami. Aggregate commitments for these Ijarah arrangements as at 30 June 2026, are as follows:

	2026 Rupees	2025 Rupees
Future payments under Ijarah:		
Not later than one year	53,291,017	5,723,232
Later than one year but not later than five years	183,599,136	21,358,376
Later than five years	-	-
	<u>236,890,153</u>	<u>27,081,608</u>

17	Property, plant and equipment	Note	Rupees		Owned					Total
			Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	
17.1	Operating assets	17.1		10,999,220,220	11,388,260,712					
	Capital work in progress	17.6		705,282,276	168,561,462					
				11,704,502,496	11,556,822,174					
17.1	Operating assets									
30 June 2026										
Cost / revalued amount										
Balance as at 01 July 2025		1,812,571,127	2,671,404,841	6,883,221,484	181,930,315	163,801,319	164,049,721	1,019,681,931	12,896,660,738	
Additions / transfers		-	6,267,625	503,826,737	17,943,055	7,148,189	51,263,048	54,528,887	640,977,541	
Disposals / write off		-	-	(15,483,017)	(157,500)	-	(3,281,933)	(105,074,459)	(123,996,909)	
Balance as at 30 June 2026		1,812,571,127	2,677,672,466	7,371,565,204	199,715,870	170,949,508	212,030,836	969,136,359	13,413,641,370	
Depreciation										
Balance as at 01 July 2025		-	227,727,663	474,277,699	122,128,204	105,793,375	115,425,486	463,047,599	1,508,400,026	
Charge for the year		-	217,680,526	548,453,635	13,161,769	14,631,585	32,517,169	170,101,360	996,546,044	
On disposals / write offs		-	-	(1,935,377)	(125,125)	-	(3,251,112)	(85,213,306)	(90,524,920)	
Balance as at 30 June 2026		-	445,408,189	1,020,795,957	135,164,848	120,424,960	144,691,543	547,935,653	2,414,421,150	
Net book value as at 30 June 2026		1,812,571,127	2,232,264,277	6,350,769,247	64,551,022	50,524,548	67,339,293	421,200,706	10,999,220,220	
30 June 2025										
Cost / revalued amount										
Balance as at 01 July 2024		1,812,571,127	1,891,629,964	3,896,526,630	173,843,407	140,561,969	127,786,490	738,401,920	8,781,321,507	
Additions / transfers		-	780,804,815	2,998,998,854	8,240,369	23,449,977	46,129,193	345,880,059	4,203,503,267	
Disposals / write off		-	(1,029,938)	(12,304,000)	(153,461)	(210,627)	(9,865,962)	(64,600,048)	(88,164,036)	
Balance as at 30 June 2025		1,812,571,127	2,671,404,841	6,883,221,484	181,930,315	163,801,319	164,049,721	1,019,681,931	12,896,660,738	
Depreciation										
Balance as at 01 July 2024		-	-	-	109,694,462	92,359,461	99,012,435	360,351,661	661,418,019	
Charge for the year		-	227,822,073	475,303,032	12,552,764	13,615,912	26,109,943	160,205,058	915,608,782	
On disposals / write offs		-	(94,410)	(1,025,353)	(119,022)	(181,998)	(9,696,892)	(57,509,120)	(68,626,775)	
Balance as at 30 June 2025		-	227,727,663	474,277,699	122,128,204	105,793,375	115,425,486	463,047,599	1,508,400,026	
Net book value as at 30 June 2025		1,812,571,127	2,443,677,178	6,408,943,785	59,802,111	58,007,944	48,624,235	556,634,332	11,388,260,712	
Denreciation Rate %		-	5-10	5-10	10	10	33.33	20		

17.1.1 These include fully depreciated assets amounting to Rs. 1,034.26 million (2025: Rs. 971.67 million).

17.1.2 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 148.05 million (2025: Rs. 3,807.13 million).

17.1.3 In addition to the guarantee as disclosed in note 16.1.2.3 the Holding Company has also approved securities up to Rs. 2,500 million (2025: Rs. 2,500 million) in favor of financial institutions / lenders of subsidiary company for obtaining loan against import of plant and machinery for a maximum tenor of 5 years out of which security amounting to Rs. Nil (2025: Rs. 457 million) has been provided till date.

17.1.4 Had there been no revaluation, carrying value of freehold land, building on free hold land and plant and machinery would have been as follows:

	2026 Rupees	2025 Rupees
Freehold land	90,503,262	90,503,262
Building on freehold land	1,069,836,489	1,148,067,918
Plant and machinery	4,671,409,774	4,511,012,743
	<u>5,831,749,525</u>	<u>5,749,583,923</u>

17.2 Particulars of immovable property (i.e. land and building) in the name of Holding Company and its subsidiaries are as follows:

Location	Usage of immovable property	Total area (acres)	Covered Area (square feet)
Main G.T Road, Amangarth, District Nowshera, KPK	Manufacturing facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office & biotech plant	25.65	88,101
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence Housing Authority, Islamabad	Vacant plots	1.03	N/A
House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000
Shahrah-e-Faisal, Karachi	Sale office	0.23	6,650

17.3 As explained in note 7, the latest revaluation was carried out as at 30 June 2024. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant & machinery was Rs. 1,518.20 million, Rs. 1,679.50 million and Rs. 3,000.52 million respectively.

17.4 Depreciation is allocated as under:

	Note	2026 Rupees	2025 Rupees
Cost of sales	29	739,984,811	654,634,399
Administrative expenses	30	126,666,565	120,258,732
Selling and distribution expenses	31	129,894,668	140,715,651
		<u>996,546,044</u>	<u>915,608,782</u>

17.5

Disposal of property, plant and equipment

Particulars of assets	Cost / Revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Relationship with Company	Particulars of purchaser
<u>Vehicles</u>							
Suzuki Alto VXR 660CC	2,653,245	1,591,947	2,482,000	890,053	Insurance Claim	-	-
Honda City 1.2 CVT	3,991,760	1,397,116	2,554,726	1,157,610	Company Policy	Employee	Mr. Irfan Ayub
Toyota Yaris ATIV CVT 1500CC	3,283,510	711,427	1,904,436	1,193,009	Company Policy	Employee	Syed Sarwar Abbas Zaidi
Suzuki Alto VXR 660CC	1,768,160	618,856	1,208,243	589,387	Company Policy	Employee	Mr. Farhan Amjad
Suzuki Alto VXR 660CC	1,579,465	552,813	633,981	81,168	Company Policy	Employee	Mr. Ali Abbas
Suzuki Alto VXR 660CC	1,579,390	526,463	633,980	107,517	Company Policy	Employee	Mr. Rizwan Aslam
Suzuki Alto VXR 660CC	1,579,265	500,101	638,286	138,185	Company Policy	Employee	Mr. Usman Shafiqat
Suzuki Alto VXR 660CC	1,579,265	500,101	638,286	138,185	Company Policy	Employee	Mr. Riaz Ashraf
	18,014,060	6,398,824	10,693,938	4,295,114			
Various assets having net book value less than Rs. 500,000	87,060,399	13,462,329	49,488,043	36,025,714			
<u>Computers</u>							
Various assets having net book value less than Rs. 500,000	3,281,933	30,821	233,414	202,593			
<u>Office Equipment</u>							
Various assets having net book value less than Rs. 500,000	157,500	32,375	30,001	(2,374)			
<u>Assets written off:</u>							
Plant and Machinery	15,483,017	13,547,640	-	(13,547,640)			
2026	123,996,909	33,471,989	60,445,396	26,973,407			
2025	88,164,036	19,537,261	43,571,995	24,034,734			

		Note	2026 Rupees	2025 Rupees
17.6	Capital work-in-progress			
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		168,561,462	3,708,498,694
	Additions during the year		684,774,426	267,188,363
	Less: Transfers to operating fixed assets during the year		(148,053,612)	(3,807,125,595)
	Balance as at 30 June	17.6.1	<u>705,282,276</u>	<u>168,561,462</u>
17.6.1	Capital work-in-progress comprises of:			
	Building and civil works		238,883,497	57,284,284
	Plant, machinery and office equipment		464,000,278	103,945,294
	Vehicles		2,398,501	6,631,795
	Furniture and fittings		-	700,089
			<u>705,282,276</u>	<u>168,561,462</u>
18	Intangible assets			
18.1	Computer softwares and software license fees			
	<u>Cost</u>			
	Balance as at 01 July		84,681,760	79,560,130
	Addition during the year		13,149,787	5,121,630
	Balance as at 30 June	18.1.1	<u>97,831,547</u>	<u>84,681,760</u>
	<u>Amortisation</u>			
	Balance as at 01 July		57,054,201	38,521,459
	Amortisation for the year	30	25,963,050	18,532,742
	Balance as at 30 June		<u>83,017,251</u>	<u>57,054,201</u>
	Net book value		<u>14,814,296</u>	<u>27,627,559</u>
18.1.1	These include fully amortized assets amounting to Rs. 79.55 million (2025: Rs. 19.04 million). Intangibles are amortised at 33% (2025: 33%) on straight line basis.			
19	Investment property	Note	2026 Rupees	2025 Rupees
	Balance as at 30 June	19.1	<u>79,371,992</u>	<u>79,371,992</u>
19.1	Investment property represents the following:			
	<u>Land</u>			
	Investment property comprises land that are held for capital appreciation. The approximate market value of investment property is Rs. 241 million (2025: Rs. 210 million) and aggregate forced sale value of Rs. 217 million (2025: Rs 189 million) based on valuation conducted by a professional valuer. The investment properties comprises two plots measuring. 377.77 sqaure yards (2025: 377.77) located at Civic Centre, Gulberg Greens, Islamabad.			

19.1.1 Fair value of investment property has been determined by professional valuers (level 2 measurement) appointed by the Group based on their assessment of the market values as disclosed. The valuation experts used a market based approach to arrive at the fair value of the investment properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

20	Stores, spare parts and loose tools	Note	2026 Rupees	2025 Rupees
	Stores		263,545,484	64,593,114
	Spare parts		158,532,084	64,357,053
	Loose tools		495,834	75,905,376
	Stores in transit		-	1,055,035
			422,573,402	205,910,578

21 Stock in trade

	Raw and packing materials	21.1	3,893,752,486	2,400,823,024
	Work in process	21.1	1,020,368,070	649,175,050
	Finished goods	21.1	2,969,500,041	3,038,957,033
	Stock in transit	21.2	821,140,463	540,390,482
			8,704,761,060	6,629,345,589
	Less: Provision for slow moving stock in trade	21.3	(24,847,998)	(28,842,216)
			8,679,913,062	6,600,503,373

21.1 The amount charged to consolidated statement of profit or loss on account of write down of raw material and work in progress to net realizable value amounts to Rs. 87.69 million (2025: Rs. 83.75 million) and finished goods to net realizable value amounts to Rs. 127.84 million (2025: Rs. 134.47 million).

21.2 It includes raw and packing material in transit amounting to Rs. 469.69 million (2025: Rs. 89.65 million) and finished goods in transit amounting to Rs. 351.45 million (2025: Rs. 450.74 million).

21.3	Movement in Provision for slow moving stock in trade:	Note	2026 Rupees	2025 Rupees
	Provision as at 01 July		28,842,216	52,913,958
	Charge during the year		24,847,998	28,842,216
	Provisions reversed during the year		(28,842,216)	(52,913,958)
	Balance as at 30 June	21.3.1	24,847,998	28,842,216

21.3.1 Out of the total balance of provision for slow moving stock in trade, Rs. nil (2025: Rs. 9.24) pertains to raw and packing materials, and Rs. 24.85 million (2025: Rs. 19.60 million) pertains to finished goods.

22 Trade debts

Export debtors				
Considered good - secured			89,117,963	55,542,879
Local debtors				
Considered good - secured			210,404,013	121,063,800
Considered good - unsecured			2,289,834,808	2,124,620,685
Considered doubtful			377,102,983	314,238,554
			2,966,459,767	2,615,465,918

Impairment loss allowance	22.1	(377,102,983)	(314,238,554)
		2,589,356,784	2,301,227,364

22.1 Movement in impairment loss allowance against trade debts:

Balance as at beginning of year	314,238,554	246,139,756
Charge of expected credit loss during year	62,864,429	68,098,798
Balance as at end of year	377,102,983	314,238,554

23	Loans and advances - considered good	Note	2026	2025																																																																																					
			Rupees	Rupees																																																																																					
	Advances to employees - secured	23.1	79,072,517	69,289,301																																																																																					
	Advances to suppliers - unsecured	23.2	303,681,331	144,727,940																																																																																					
	Others		10,416,907	41,591,580																																																																																					
			393,170,755	255,608,821																																																																																					
23.1 Advances given to employees are in accordance with the Group's policy and terms of employment contract. These advances are secured against provident fund. The amount includes advances of Rs. 0.91 million (2025: Rs. Nil) given to executives of the Holding Company.																																																																																									
23.2 Advances given to suppliers are interest free and in the ordinary course of business.																																																																																									
24	Deposits and prepayments	Note	2026	2025																																																																																					
			Rupees	Rupees																																																																																					
	Deposits - considered good																																																																																								
	Earnest Money - considered good	24.1	121,315,915	224,050,452																																																																																					
	Less: Impairment loss allowance	24.2	(45,149,282)	(38,023,922)																																																																																					
			76,166,633	186,026,530																																																																																					
	Margins held with banks		12,780,163	69,299,748																																																																																					
			88,946,796	255,326,278																																																																																					
	Prepayments		26,511,860	26,476,155																																																																																					
	Others		1,283,776	2,239,851																																																																																					
			116,742,432	284,042,284																																																																																					
24.1 These represent interest free deposits given in the ordinary course of business for acquiring government tenders.																																																																																									
24.2	The movement in impairment loss allowance is as follows:	Note	2026	2025																																																																																					
			Rupees	Rupees																																																																																					
	Balance as at 01 July		38,023,922	33,917,601																																																																																					
	Charge during the year		7,125,360	4,106,321																																																																																					
	Balance as at 30 June		45,149,282	38,023,922																																																																																					
25	Other receivables - considered good																																																																																								
	Sales tax refundable - net		106,863,741	191,205,015																																																																																					
	Export rebate		18,803,431	20,148,871																																																																																					
	Others considered good - unsecured		1,740,919	73,955,115																																																																																					
			127,408,091	285,309,001																																																																																					
26	Short term investments																																																																																								
	Investments at fair value through profit or loss - mutual funds	26.1	410,955,733	1,661,032,001																																																																																					
26.1 Movement in short term investments is as follows:																																																																																									
	Fair value as at 01 July		1,661,032,001	496,495,295																																																																																					
	Acquisition / (Redemption) during the year - net		(1,387,100,869)	1,096,688,571																																																																																					
	Realized gain on sale of investments during the year	33.1	136,983,792	57,791,239																																																																																					
	Unrealized gain on re-measurement of investments	33.1	40,809	10,056,896																																																																																					
	Fair value as at 30 June		410,955,733	1,661,032,001																																																																																					
<table><tr><td></td><td colspan="2">Units</td><td colspan="2">Fair value</td></tr><tr><td></td><td>2026</td><td>2025</td><td>2026</td><td>2025</td></tr><tr><td></td><td colspan="2">Number</td><td colspan="2">Rupees</td></tr><tr><td>26.1.1</td><td colspan="4">Mutual fund wise detail is as follows:</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>HBL Money Market Fund</td><td>-</td><td>3,608,087</td><td>-</td><td>373,007,482</td></tr><tr><td></td><td>MCB Cash Management Optimizer Fund</td><td>1,366,633</td><td>2,670,958</td><td>140,224,975</td><td>273,257,763</td></tr><tr><td></td><td>HBL Cash Fund</td><td>720,709</td><td>1,536,712</td><td>74,753,628</td><td>159,491,167</td></tr><tr><td></td><td>ABL Cash Fund</td><td>1,267,099</td><td>32,232,920</td><td>13,002,960</td><td>330,555,043</td></tr><tr><td></td><td>Pakistan Cash Management Fund</td><td>-</td><td>13,154</td><td>-</td><td>663,876</td></tr><tr><td></td><td>Alfalsh Investment Money Market Fund</td><td>2,872</td><td>3,163,061</td><td>285,406</td><td>313,194,277</td></tr><tr><td></td><td>Alfalsh Cash Fund</td><td>197,051</td><td>21</td><td>99,878,383</td><td>10,528</td></tr><tr><td></td><td>UBL Money Market Fund</td><td>816,803</td><td>2,084,824</td><td>82,810,381</td><td>210,844,242</td></tr><tr><td></td><td>UBL Liquidity Plus Fund</td><td>-</td><td>75</td><td>-</td><td>7,623</td></tr><tr><td></td><td></td><td></td><td></td><td>410,955,733</td><td>1,661,032,001</td></tr></table>						Units		Fair value			2026	2025	2026	2025		Number		Rupees		26.1.1	Mutual fund wise detail is as follows:										HBL Money Market Fund	-	3,608,087	-	373,007,482		MCB Cash Management Optimizer Fund	1,366,633	2,670,958	140,224,975	273,257,763		HBL Cash Fund	720,709	1,536,712	74,753,628	159,491,167		ABL Cash Fund	1,267,099	32,232,920	13,002,960	330,555,043		Pakistan Cash Management Fund	-	13,154	-	663,876		Alfalsh Investment Money Market Fund	2,872	3,163,061	285,406	313,194,277		Alfalsh Cash Fund	197,051	21	99,878,383	10,528		UBL Money Market Fund	816,803	2,084,824	82,810,381	210,844,242		UBL Liquidity Plus Fund	-	75	-	7,623					410,955,733	1,661,032,001
	Units		Fair value																																																																																						
	2026	2025	2026	2025																																																																																					
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27	Cash and bank balances	Note	2026	2025
			Rupees	Rupees
	Cash in hand		11,539,367	9,607,395
	Cash at bank:			
	- Conventional banks	27.1	529,856,129	596,354,780
	- Islamic banks	27.2	100,717,350	86,564,942
			630,573,479	682,919,722
			642,112,846	692,527,117
27.1	Conventional Banks			
	- current accounts in local currency		161,430,233	121,139,774
	- current accounts in foreign currency		315,796,667	427,032,288
	- savings accounts in local currency	27.1.1	52,629,229	48,182,718
			529,856,129	596,354,780
27.2	Islamic Banks			
	- current accounts in local currency		35,702,407	85,030,245
	- current accounts in foreign currency		64,995,970	-
	- savings accounts in local currency	27.2.1	18,973	1,534,697
			100,717,350	86,564,942
27.1.1	These carry interest ranging from 7.50% to 10.00% (2025: 8.00% to 19.00%) per annum under markup arrangements.			
27.2.1	These carry profit ranging from 6.00% to 7.28% (2025: 5.87% to 11.01%) per annum under Shariah compliant arrangements.			
28	Revenue - net	Note	2026	2025
			Rupees	Rupees
	Gross sales:			
	Local		26,866,346,564	20,924,178,104
	Export		1,078,657,475	950,186,876
			27,945,004,039	21,874,364,980
	Toll manufacturing		95,238,982	26,618,204
	Less:			
	Sales return		(223,911,529)	(189,495,781)
	Discounts		(3,575,679,005)	(2,704,795,301)
	Sales tax		(282,966,742)	(149,792,515)
			(4,082,557,276)	(3,044,083,597)
	Revenue from contracts with customers - net	28.1	23,957,685,745	18,856,899,587
28.1	Disaggregation of Revenue - net			
	Primary Geographical Markets (Revenue - net)			
	Pakistan		22,879,028,270	17,906,712,711
	Sri Lanka		418,453,985	254,039,562
	Afghanistan		210,896,034	359,792,622
	Myanmar		93,633,504	78,134,301
	Philippines		89,470,641	76,109,837
	Uzbekistan		42,628,100	8,315,789
	Kyrgyzstan		27,430,393	28,579,376
	Kenya		44,315,124	25,718,092
	Others		151,829,694	119,497,297
			23,957,685,745	18,856,899,587

	Note	2026 Rupees	2025 Rupees
29 Cost of sales			
Raw and packing materials consumed	29.1	7,030,282,921	5,488,213,918
Salaries, wages and other benefits	29.2	1,111,015,003	915,333,654
Fuel and power		452,332,937	418,690,208
Repair and maintenance		97,103,249	62,580,127
Stores, spare parts and loose tools consumed		418,325,816	352,445,782
Freight and forwarding		192,928,291	61,140,591
Packing charges		125,440,357	74,772,120
Rent, rates and taxes		8,719,762	9,293,562
Postage and telephone		14,233,087	12,909,460
Insurance		60,592,979	49,401,438
Travelling and conveyance		122,000,904	70,228,284
Canteen expenses		70,797,049	59,549,515
Depreciation on property, plant and equipment	17.4	739,984,811	654,634,399
Ijarah expense		9,469,017	456,257
Laboratory and other expenses		225,940,154	153,816,408
		10,679,166,337	8,383,465,723
Work in process:			
Opening		649,175,050	423,548,791
Closing		(1,020,368,070)	(649,175,050)
		(371,193,020)	(225,626,259)
Cost of goods manufactured		10,307,973,317	8,157,839,464
Finished stock:			
Opening - net of provision		3,019,357,660	2,392,888,111
Purchases made during the year		2,870,324,364	3,328,899,075
Closing - net of provision		(2,944,652,043)	(3,019,357,660)
		2,945,029,981	2,702,429,526
		13,253,003,298	10,860,268,990
29.1 Raw and packing materials consumed			
Opening		2,391,580,181	1,752,978,969
Purchases made during the year		8,532,455,226	6,126,815,130
		10,924,035,407	7,879,794,099
Closing		(3,893,752,486)	(2,391,580,181)
		7,030,282,921	5,488,213,918
29.2	Salaries, wages and other benefits include Rs. 39.44 million (2025: Rs. 32.14 million), which represents employer's contribution towards provident fund.		

30 Administrative expenses	Note	2026 Rupees	2025 Rupees
Salaries and other benefits	30.1	612,437,105	473,329,222
Directors' fees and expenses		9,500,000	6,810,000
Rent, rates and taxes		2,118,833	1,207,182
Postage and telephone		17,758,980	15,774,853
Printing, stationery and office supplies		10,049,708	8,768,797
Travelling and conveyance		123,758,560	87,899,103
Transportation		7,015,212	7,050,184
Legal and professional charges		27,419,155	10,259,823
Fuel and power		19,933,251	16,171,561
Auditors' remuneration	30.2	9,840,538	8,294,681
Repair and maintenance		45,095,309	22,482,337
Fee and subscriptions		50,569,963	47,384,444
Donations	30.3 & 30.4	18,072,500	8,685,417
Insurance		14,523,277	12,079,328
Depreciation on property, plant and equipment	17.4	126,666,565	120,258,732
Amortization of intangibles		25,963,050	18,532,742
Canteen expenses		31,490,002	34,599,094
Ijarah expense		11,054,039	147,137
Other expenses		5,874,872	2,093,073
		1,169,140,919	901,827,710

30.1 Salaries and other benefits include Rs. 25.37 million (2025: Rs. 18.26 million), which represents employer's contribution towards provident fund.

30.2 Auditors' remuneration	2026 Rupees	2025 Rupees
Fee for annual audit	4,923,950	4,241,000
Audit of consolidated financial statements	244,783	216,622
Review of half yearly financial statements	1,150,905	1,006,000
Special certificates and others	2,017,500	996,378
Out-of-pocket expenses	1,503,400	1,834,681
	9,840,538	8,294,681

30.3 Donations include payment to the following institution in which the director of the Group holds an interest:

Name of director	Name of donee	Nature of interest in donee	2026 Rupees	2025 Rupees
Mr. Osman Khalid Waheed (Director)	National Management Foundation (LUMS)	Trustee	12,000,000	1,500,000
Mr. Osman Khalid Waheed (Director)	Lahore Biennale Foundation	Trustee	-	2,500,000

30.4 Donations to the following organizations exceeds 10% of the Group's total amount of donations:

	2026 Rupees	2025 Rupees
National Management Foundation (LUMS)	12,000,000	1,500,000
Lahore Biennale Foundation	-	2,500,000

31 Selling and distribution expenses	Note	2026 Rupees	2025 Rupees
Salaries and other benefits	31.1	2,590,254,301	1,912,890,559
Travelling and conveyance		1,436,039,077	970,740,912
Fuel and power		26,777,381	16,523,854
Rent, rates and taxes		14,784,704	12,755,028
Sales promotion		1,149,482,472	762,877,042
Printing and stationery		8,170,477	9,023,473
Postage and telephone		63,251,174	40,428,235
Royalty, fee and subscription		82,456,816	61,827,537
Insurance		100,293,801	76,450,425
Repairs and maintenance		42,417,143	12,618,589
Conferences, seminars and training		1,044,074,165	752,963,472
Medical research and patient care		15,698,480	64,784,064
Depreciation on property, plant and equipment	17.4	129,894,668	140,715,651
Service charges on sales		137,283,938	99,457,450
Ijarah expense		118,467,095	8,455,568
Other expenses		10,735,912	10,024,816
		6,970,081,604	4,952,536,675

31.1 Salaries and other benefits include Rs. 71.27 million (2025: Rs. 58.95 million), which represents employer's contribution towards provident fund.

32 Other expenses	Note	2026 Rupees	2025 Rupees
Exchange loss - net		41,930,480	48,082,869
Workers' Profit Participation Fund	12.1	115,113,512	88,826,822
Workers' Welfare Fund	12.3	47,216,699	40,402,571
Central Research Fund	12.2	23,255,255	17,944,812
		227,515,946	195,257,074

33 Other income

From financial assets	33.1	149,501,574	218,519,413
From non financial assets	33.2	58,008,824	36,419,319
		207,510,398	254,938,732

33.1 From financial assets

Profit on deposits with banks	33.1.1	11,147,929	25,350,528
Dividend income		1,329,044	125,320,750
Unrealized gain on re-measurement of short term investments	26.1	40,809	10,056,896
Realized gain on sale of short term investments	26.1	136,983,792	57,791,239
		149,501,574	218,519,413

33.1.1 These include profit of Rs. 33,507 (2025: Rs. 352,811) earned on deposits maintained under Shariah compliant arrangements.

33.2 From non financial assets	Note	2026 Rupees	2025 Rupees
Gain on sale of property, plant and equipment - net	17.5	26,973,407	24,034,734
Export rebate		11,659,442	12,384,585
Commission income		19,375,975	-
		58,008,824	36,419,319

34	Finance cost	Note	2026 Rupees	2025 Rupees
	Mark-up on financing from conventional banks / institutions:			
	Long term financing	34.1	105,594,621	88,490,539
	Short term borrowings		93,794,884	216,133,921
			199,389,505	304,624,460
	Mark-up on Islamic mode of financing:			
	Short term borrowings	34.2	159,441,102	201,686,059
	Long term financing	34.2	28,432,052	38,561,154
			187,873,154	240,247,213
	Bank charges		23,593,754	23,585,275
	Interest on Workers' Profit Participation Fund	12.1	7,207,745	5,823,233
			418,064,158	574,280,181
34.1	This is net of unwinding of deferred grant amounting to Rs. 127.96 million (2025: Rs. 140.86 million).			
34.2	This represents markup expense incurred under Shariah compliant arrangements.			
35	Minimum tax differential	Note	2026 Rupees	2025 Rupees
	Minimum tax differential	35.1	40,777,199	30,267,815
35.1	This represents portion of minimum tax paid under section 148 (2025: section 148 and 154) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21 / IAS 37.			
36	Taxation		2026 Rupees	2025 Rupees
	Current			
	- For the year		832,149,222	638,809,457
	- For prior years		(29,280,727)	2,007,363
			802,868,495	640,816,820
	Deferred			
	- For the year		(2,972,790)	(39,946,309)
	- Change in effective tax rate		(11,001,830)	2,611,095
			(13,974,620)	(37,335,214)
			788,893,875	603,481,606
36.1	Tax charge reconciliation		2026 Rupees	2025 Rupees
	Numerical reconciliation between tax expense and accounting profit:			
	- Profit before income tax		2,016,623,230	1,525,194,755
			----- (Percentage) -----	
	Applicable tax rate as per Income Tax Ordinance, 2001		29%	29%
			2026 Rupees	2025 Rupees
	Tax on accounting profit		584,820,737	442,306,479
	Effect of separate block regime		(10,639,556)	(7,014,482)
	Effect of minimum tax regime		-	(19,419,228)
	Effect of rate change		(11,001,830)	2,611,095
	Effect of permanent difference		16,639,431	(2,378,787)
	Super tax under section 4C		238,355,821	119,735,469
	Effect of minimum tax		-	5,664,768
	Effect of ACT		-	59,968,929
	Prior year tax adjustment		(29,280,727)	2,007,363
			204,073,138	161,175,127
			788,893,875	603,481,606

		2026	2025
37 Earnings per share - Basic and diluted			
Profit for the year after taxation attributable to equity holders of the Holding Company	Rupees	978,579,797	776,541,200
Weighted average number of ordinary shares	Numbers	43,469,052	43,469,052
Basic and diluted earnings per share	Rupees	22.51	17.86

37.1 There is no dilutive effect on the basic earnings per share as the Holding Company has no commitment for such potentially issuable shares which has any dilutive effect.

38 Remuneration of Chief Executive, Directors and Executives

	2026		
	Chief Executive	Non-Executive Directors	Executives
	-----Rupees-----		
Managerial remuneration	44,815,588	-	645,849,809
Utilities and house rent	24,648,577	-	427,220,550
Medical / Travelling reimbursements	1,700,133	108,450	106,709,405
Leave fare assistance	4,288,680	-	61,603,582
Bonus	7,524,000	-	137,532,193
Contribution to provident fund	4,481,558	-	58,320,721
Meeting Fee	1,000,000	8,500,000	-
	88,458,536	8,608,450	1,437,236,260
Numbers	2	13	222
	2025		
	Chief Executive	Non-Executive Directors	Executives
	-----Rupees-----		
Managerial remuneration	29,125,161	-	411,754,617
Utilities and house rent	16,018,843	-	278,063,288
Medical / Travelling reimbursements	829,881	87,000	75,096,597
Leave fare assistance	-	-	39,026,735
Bonus	9,405,000	-	119,167,306
Contribution to provident fund	2,912,516	-	39,153,859
Meeting Fee	810,000	6,000,000	3,350,000
	59,101,401	6,087,000	965,612,402
Numbers	2	12	165

In addition, the Chief Executive of the Holding Company and Subsidiary Company and some executives are allowed free use of the Group's vehicles.

The Holding Company has 6 (2025: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. Furthermore, the Group has paid Rs. 8.50 million (2025: Rs. 6 million) in lieu of meeting fee and Rs. 0.108 million (2025: 0.087 million) against reimbursement of expenses.

Related party transactions

The Group's related parties include associated company, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown in respective notes in the consolidated financial statements. Transactions with related parties are as follows:

Name of parties	Relationship	Transactions	
		2026	2025
		-----Rs.-----	
Bago Laboratories Pte. Limited	Associated Company	319,682,421	74,282,914
		346,717,006	52,981,589
Employees provident fund	Post employment benefit fund	136,082,493	109,351,975
Key Management Personnel	Key management personnel	94,073,920	84,115,230
		200,000	-
		8,064	6,048
KFW Factors (Private) Limited	Common directorship	47,732,776	35,799,582
		798,084	560,664
Osman Khalid Waheed	Chief Executive Officer-Holding Company & Non-Executive Director - Subsidiary Company	68,291,362	58,291,401
		13,610,988	10,208,241
		1,500,000	1,010,000
Muhammad Fathan Rafiq	Chief Executive Officer-Subsidiary Company	19,167,174	-
Akhtar Khalid Waheed (Late)	Non-Executive Director - Subsidiary Company	-	810,000
		-	15,000
Directors other than CEOs	Non-Executive Directors	4,474,712	3,341,034
		108,450	87,000
		8,500,000	6,000,000
		8,243,066	6,324,471
Khan and Piracha	Common directorship	-	390,000
National Management Foundation (LUMS)	Common directorship	12,000,000	1,500,000
		-	7,500,000
		1,000,000	-
Lahore Biennale Foundation (LBF)	Common directorship	-	2,500,000

39.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers Chief Executive Officer, Chief Financial Officer, Company Secretary and Directors to be its key management personnel.

Name	Relationship
Mrs. Akhter Khalid Waheed	Chairperson / Non-Executive Director
Mr. Osman Khalid Waheed	Chief Executive Officer / Executive Director
Mr. Shahid Tofique	Chief Financial Officer
Syed Ghausuddin Saif	Chief Operating Officer & Company Secretary
Mrs. Amna Piracha Khan	Non-Executive Director
Mrs. Munize Azhar Peracha	Non-Executive Director
Mr. Shahid Anwar	Non-Executive Director
Mr. Arshad Saeed Husain	Independent Director
Mr. Suleman Ghani	Independent Director

40 **Plant capacity and production**

	Actual production	
	2026	2025
	-----Packs-----	
Tablets and capsules	52,614,674	50,749,855
Ointments	4,423,079	4,401,874
Liquid and others	11,005,257	8,364,311
	68,043,010	63,516,040

The production capacities of plants of the Holding Company and subsidiary company cannot be determined, as they are multi-product production facilities with varying manufacturing processes.

41 **Number of employees**

Total number of employees as at 30 June	2026	2025
Average number of employees during the year	2551	2114
	2434	2006

42 **Reconciliation of movement of liabilities to cash flows arising from financing activities**

	2026				
	Liabilities				
	Unclaimed dividend	Short term borrowings - secured	Subscription money received against IPO	Accrued mark-up	Long term loans and musharaka-secured
					Total
----- Rupees -----					
Balance as at 01 July 2025	99,116,101	1,693,211,685	-	92,695,474	2,523,720,339
Changes from financing cash flows					4,408,743,599
Long term loan repaid	-	-	-	-	(442,037,855)
Musharaka paid	-	-	-	-	(63,240,646)
Finance cost paid	-	-	-	(411,502,362)	(411,502,362)
Dividend paid	(167,937,768)	-	-	-	(167,937,768)
Short term borrowing-net	-	151,264,882	-	-	151,264,882
Total changes from financing cash flows	(167,937,768)	151,264,882	-	(411,502,362)	(933,453,749)
Non-cash changes					
Dividend approved	173,876,208	-	-	-	173,876,208
Interest / markup expense	-	-	-	418,064,158	418,064,158
Total non-cash changes	173,876,208	-	-	418,064,158	591,940,366
Closing as at 30 June 2026	105,054,541	1,844,476,567	-	99,257,270	2,018,441,838
					4,067,230,216

	2025					
	Liabilities					
	Unclaimed dividend	Short term borrowings - secured	Subscription money received against IPO	Accrued mark-up	Long term loans and musharaka- secured	Total
	Rupees					
Balance as at 01 July 2024	96,507,363	1,545,658,754	-	205,979,682	2,791,797,083	4,639,942,882
<u>Changes from financing cash flows</u>						
Long term loan received	-	-	-	-	32,374,000	32,374,000
Long term loan repaid	-	-	-	-	(421,920,567)	(421,920,567)
Musharaka received	-	-	-	-	165,198,983	165,198,983
Musharaka paid	-	-	-	-	(43,729,160)	(43,729,160)
Finance cost paid	-	-	-	(687,564,389)	-	(687,564,389)
Dividend paid	(127,798,418)	-	-	-	-	(127,798,418)
Short term borrowing-net	-	147,552,931	-	-	-	147,552,931
Subscription money received against IPO	-	-	1,855,198,135	-	-	1,855,198,135
T total changes from financing cash flows	(127,798,418)	147,552,931	1,855,198,135	(687,564,389)	(268,076,744)	919,311,515
<u>Non-cash changes</u>						
Dividend approved	130,407,156	-	-	-	-	130,407,156
Issuance of shares	-	-	(1,855,198,135)	-	-	(1,855,198,135)
Interest / markup expense	-	-	-	574,280,181	-	574,280,181
T total non-cash changes	130,407,156	-	(1,855,198,135)	574,280,181	-	(1,150,510,798)
Closing as at 30 June 2025	99,116,101	1,693,211,685	-	92,695,474	2,523,720,339	4,408,743,599

Description	Explanation	Note	2026 (Rupees)	2025
Statement of financial position				
Long term borrowings - secured	Financing obtained as per Islamic mode	8 & 9	305,805,830	384,818,377
	Markup accrued on conventional loan	15	8,762,581	16,673,068
Short term borrowings - secured	Financing obtained as per Islamic mode	14.1	1,844,476,567	1,693,211,685
	Markup accrued on conventional loan	15	32,698,618	27,946,678
Short term investments	Shariah compliant investments	27.2	-	-
Cash and bank balances	Shariah compliant bank balances		100,717,350	86,564,942
Statement of Profit or Loss				
Revenue	Revenue earned from shariah compliant business segment	28	23,957,685,745	18,856,899,587
Other income				
- Dividend income	Dividend earned on shariah compliant investments		-	-
- Gain on disposal of investment	Gain on disposal of shariah compliant investments		-	-
- Unrealized gain on investment	Unrealized gain on shariah compliant investments		-	-
- Profit on bank deposits	Profit earned from shariah compliant bank deposits	33.1.1	33,507	352,811
Finance cost				
- Profit paid on Islamic mode of financing	Profit paid under Shariah Compliant transactions		214,878,422	271,028,673
- Break-up of late payments or liquidated damages			-	-
Source and detailed breakup of other income				
Earned from shariah compliant transactions				
- Income from financial assets	Profit earned under shariah permissible arrangements	33.1.1	33,507	352,811
- Income from non-financial assets	Earned from shariah compliant transactions	33.2	38,632,849	36,419,319
Earned from non-shariah compliant transactions				
- Income from financial assets	Earned from non-shariah compliant transactions	33.1	149,468,067	218,166,602
- Income from non-financial assets	Earned from non-shariah compliant transactions	33.2	19,375,975	-
Relationship with Shariah-compliant financial institutions with balances outstanding at year end				
Name	Relationship			
Meezan Bank Limited	Bank deposits and borrowing arrangement			
Faysal Bank Limited	Borrowing arrangement			
Bank of Punjab - Taqwa	Borrowing arrangement			
BankIslami Pakistan Limited	Bank deposits and borrowing arrangement			
First Habib Modaraba	Borrowing arrangement			
EFU General Insurance Limited - Window Takaful Operations	Takaful operator			
Adamjee Insurance Company Limited - Window Takaful Operations	Takaful operator			

44 Disclosures relating to provident fund

The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

	Audited 30-Jun-26		Audited 30-Jun-25	
	% of Total Size Fund	Rupees	% of Total Size Fund	Rupees
Ferozsons Laboratories Limited - Parent Company	71%	1,334,140,253	77%	1,241,620,915
BF Biosciences Limited - Subsidiary	27%	510,010,590	22%	365,290,539
Farmacia - Partnership firm	2%	28,506,412	1%	22,595,027
	100%	1,872,657,255	100%	1,629,506,481

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

45 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of these risks.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

45.1 Credit risk and concentration of credit risk

Credit risk represents the risk of financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

45.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2026 Rupees	2025 Rupees
<u>Financial assets at amortized cost</u>		
Long term deposits	31,584,394	17,995,250
Trade debts	2,589,356,784	2,301,227,364
Loans and advances - others	10,416,907	41,591,580
Deposits	90,230,572	257,566,129
Other receivables	20,544,350	94,103,986
Bank balances	630,573,479	682,919,722
	3,372,706,486	3,395,404,031

45.1.2 Concentration of credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2026 Rupees	2025 Rupees
Customers	2,589,356,784	2,301,227,364
Banking companies and financial institutions	641,427,786	751,065,614
Others	141,921,916	343,111,053
	3,372,706,486	3,395,404,031

45.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

Counter parties with external credit ratings

This represents banking companies and financial institutions, which are counterparties to bank balances and investments. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

Institutions	Rating		Rating Agency	2026	2025
	Short term	Long term		Rupees	
Bank balances					
Habib Bank Limited	A1+	AAA	JCR-VIS	222,416,806	220,036,554
Bank Al-Habib Limited	A1+	AAA	PACRA	11,050,995	178,476
Habib Metropolitan Bank Limited	A1+	AAA	PACRA	194,164,815	320,355,512
Bank Alfalah Limited	A1+	AAA	PACRA	60,862,698	22,017,030
Meezan Bank Limited	A1+	AAA	JCR-VIS	65,049,245	3,048,657
MCB Bank Limited	A1+	AAA	PACRA	7,779,096	4,920,071
Allied Bank Limited	A1+	AAA	PACRA	32,756,758	28,847,137
Bank of Punjab - Taqwa	A1+	AAA	PACRA	521,695	70,241,320
Faysal Bank Limited	AA	A1+	PACRA	824,961	196,500
BankIslami Pakistan Limited	A1	AA-	PACRA	35,146,410	13,078,465
				630,573,479	682,919,722
Margin against letter of credit					
Habib Bank Limited	A1+	AAA	VIS	-	45,259,699
Meezan Bank Limited	A1+	AAA	JCR-VIS	6,369,700	22,886,193
MCB Bank Limited	A1+	AAA	PACRA	4,484,607	-
				10,854,307	68,145,892
				641,427,786	751,065,614

Counter parties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2026 was determined as follows:

The aging of trade debts other than due from Government at the reporting date was:

	30 June 2026		30 June 2025	
	Gross carrying	Expected credit loss	Gross carrying	Expected credit loss
	Rupees		Rupees	
Current	392,963,683	1,298,760	255,396,988	6,307,292
Past due 0 - 90 days	34,088,630	4,050,948	27,640,138	6,183,024
Past due 91 - 180 days	108,976,611	6,495,918	32,510,266	13,242,572
Past due 181 - 365 days	21,311,838	5,681,736	18,679,149	12,225,365
More than 365 days	77,779,140	76,432,939	61,177,233	54,496,868
	635,119,902	93,960,302	395,403,774	92,455,121

The aging of trade debts due from Government at the reporting date was:

Current	673,932,734	10,762,788	558,597,553	-
0 - 90 days	296,279,267	8,355,869	462,256,658	15,153,480
91 - 180 days	170,163,683	7,522,135	336,007,941	12,333,898
181 - 365 days	501,791,108	48,287,000	483,416,229	37,220,275
More than 365 days	600,055,110	208,214,889	324,240,884	157,075,780
	2,242,221,902	283,142,681	2,164,519,265	221,783,433

Export sales are majorly secured through letter of credit while majority of the local sales are made to Government departments / hospitals. Trade debts are essentially due from government departments / projects and the Group is actively pursuing for recovery of debts and the Group does not expect these companies to fail to meet their obligations.

Deposits and other receivables are mostly due from Government Institutions, utility companies and a major supplier. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

45.2

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 14 to these consolidated financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

45.2.1 Exposure to liquidity risk

45.2.1.1 Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities:

	2026				
	Carrying amount	Contractual cashflows	Less than one year	One to five years	More than 5 years
	-----Rupees-----				
Financial liabilities at amortized cost					
Long term loan - secured	1,449,462,082	1,944,981,706	515,767,684	1,348,013,209	81,200,813
Long term musharaka - secured	226,946,324	275,613,585	94,203,218	181,410,367	-
Trade and other payables	3,282,108,969	3,282,108,969	3,282,108,969	-	-
Unclaimed dividend	105,054,541	105,054,541	105,054,541	-	-
Short term borrowings - secured	2,674,598,758	2,674,598,758	2,674,598,758	-	-
	<u>7,738,170,674</u>	<u>8,282,357,559</u>	<u>6,671,733,170</u>	<u>1,529,423,576</u>	<u>81,200,813</u>
	-----Rupees-----				
	2025				
	Carrying amount	Contractual cashflows	Less than one year	One to five years	More than 5 years
	-----Rupees-----				
Financial liabilities at amortized cost					
Long term loan - secured	1,773,149,211	2,453,479,964	518,551,254	1,563,614,303	371,314,406
Long term musharaka - secured	290,186,970	377,387,442	99,481,331	277,906,111	-
Trade and other payables	2,901,670,537	2,901,670,537	2,901,670,537	-	-
Unclaimed dividend	99,116,101	99,116,101	99,116,101	-	-
Short term borrowings - secured	2,321,395,313	2,321,395,313	2,321,395,313	-	-
	<u>7,385,518,132</u>	<u>8,153,049,357</u>	<u>5,940,214,536</u>	<u>1,841,520,414</u>	<u>371,314,406</u>

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity price that will affect the Group's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

Currency risk

Pakistani Rupee is the functional currency of the Group and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cashflow volatility. The Group's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to rupee equivalent, and the associated gain or loss is taken to the consolidated statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Group. These currency risks are managed as a part of overall risk management strategy. The Group does not enter into forward exchange contracts.

Exposure to currency risk

The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the statement of financial position date. The Group's exposure to foreign currency risk at the reporting date was as follows:

	2026					
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	Aus Dollars
Assets						
Cash and cash equivalents	386,282,543	1,366,273	11,821	3,310	4,890	146,000
Trade debts	89,117,963	320,382	-	-	-	-
	475,400,506	1,686,655	11,821	3,310	4,890	146,000
	(1,442,883,786)	(5,102,055)	(74,747)	-	-	-
	(967,483,280)	(3,415,400)	(62,926)	3,310	4,890	146,000
						1,000
Liabilities						
Trade and other payables	(822,091,553)	(2,955,448)	-	-	-	-
Net exposure	(1,789,574,833)	(6,370,848)	(62,926)	3,310	4,890	146,000
						1,000
Off statement of financial position items						
Outstanding letters of credit						
Net Exposure						
	2025					
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	Aus Dollars
Assets						
Cash and cash equivalents	434,266,067	1,508,698	10,584	3,310	4,890	146,000
Trade debts	55,542,879	195,736	-	-	-	-
Other receivables	67,220,121	236,887	-	-	-	-
	557,029,067	1,941,321	10,584	3,310	4,890	146,000
						1,000
Liabilities						
Trade and other payables	(1,616,827,063)	(5,691,916)	(5,000)	-	-	-
Net exposure	(1,059,797,996)	(3,750,595)	5,584	3,310	4,890	146,000
						1,000
Off statement of financial position items						
Outstanding letters of credit	(930,627,730)	(2,168,347)	(934,609)	-	-	-
Net Exposure	(1,990,425,726)	(5,918,942)	(929,024)	3,310	4,890	146,000
						1,000

The following significant exchange rates were applied during the year:

	Reporting date rate		Average rate	
	2026	2025	2026	2025
US Dollars	278.16	283.76	280.96	281.05
Euro	316.92	332.66	324.79	315.18
UAE Dirham	75.74	77.27	76.50	76.52
Pound Sterling	368.02	388.86	378.44	370.37
JPY	1.71	1.97	1.84	1.85
Australian dollars	191.36	185.48	188.42	184.99

45.3.1.1 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected the consolidated statement of profit or loss by the amounts shown below at the consolidated statement of financial position date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The weakening of 10% of Pak Rupee will result in decrease in profit as shown below:

	Profit or loss	
	2026	2025
	-----Rs.-----	
Consolidated statement of profit or loss	(96,748,328)	(105,979,800)

A ten percent strengthening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

45.3.1.2 Currency risk management

Since the maximum amount exposed to currency risk is only 3.73% (2025: 4.31%) of the Group's total assets, any adverse / favorable movement in functional currency with respect to foreign currencies will not have any material impact on the operational results.

45.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2026	2025	2026	2025
	(in Percentage)		(Rupees)	
Variable rate instruments				
<u>Financial assets</u>				
Cash at bank - deposit accounts	6.00% to 10.00%	5.87% to 19.00%	52,648,202	49,717,415
<u>Financial liabilities</u>				
Long term musharaka - secured	11.08% to 13.32%	13.04% to 21.14%	226,946,324	290,186,970
Short term borrowings - secured	7.50% to 12.92%	11.00% to 22.88%	2,585,394,483	2,248,359,022
Net Exposure			(2,759,692,605)	(2,488,828,577)

Cash flow sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2025.

	Increase / (Decrease) in Profit or loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2026		
Cash flow sensitivity - Variable rate financial assets	(27,596,926)	27,596,926
As at 30 June 2025		
Cash flow sensitivity - Variable rate financial assets	(24,888,286)	24,888,286

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Group.

45.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the higher management.

The Group is exposed to price risk at the reporting date whose fair value or future cash flows are affected by changes in market prices.

Sensitivity analysis

The table below summarizes the Group's money market price risk as of 30 June 2026 and 2025 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. However, money market investments are considered risk free.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2026	-----Rupees-----			
Short term investments				
Investments at fair value through profit or loss	410,955,733	10% increase 10% decrease	452,051,306 369,860,160	41,095,573 (41,095,573)
	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in profit / (loss) before tax
2025	-----Rupees-----			
Short term investments				
Investments at fair value through profit or loss	1,661,032,001	10% increase 10% decrease	1,827,135,201 1,494,928,801	166,103,200 (166,103,200)

45.4 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group are the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

45.4.2 Valuation of financial instruments

IFRS 13 'Fair Value Measurement' requires the Group to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on going basis.

45.4.3 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			Fair Value			
	Fair Value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 June 2026	Rupees						
Financial assets measured at fair value:							
Short term investments	410,955,733	-	-	410,955,733	-	410,955,733	-
Financial assets not measured at fair value:							
Long term deposits	-	31,584,394	-	31,584,394	-	-	-
Trade debts	-	2,589,356,784	-	2,589,356,784	-	-	-
Loans and advances - others	-	10,416,907	-	10,416,907	-	-	-
Deposits	-	90,230,572	-	90,230,572	-	-	-
Other receivables	-	20,544,350	-	20,544,350	-	-	-
Cash and bank balances	-	642,112,846	-	642,112,846	-	-	-
	-	3,384,245,853	-	3,384,245,853	-	-	-
Financial liabilities measured at fair value:							
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	-	-	3,282,108,969	3,282,108,969	-	-	-
Unclaimed dividend	-	-	105,054,541	105,054,541	-	-	-
Long term loans - secured	-	-	1,449,462,082	1,449,462,082	-	-	-
Long term musharaka - secured	-	-	226,946,324	226,946,324	-	-	-
Short term borrowings - secured	-	-	2,674,598,758	2,674,598,758	-	-	-
	-	-	7,738,170,674	7,738,170,674	-	-	-

30 June 2025**Financial assets measured at fair value:**

	Carrying Amount		Fair Value		
	Fair Value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	
Short term investments	1,661,032,001	-	-	1,661,032,001	-

Financial assets not measured at fair value:

Long term deposits	-	17,995,250	-	17,995,250	-
Trade debts - considered good	-	2,301,227,364	-	2,301,227,364	-
Loans and advances - considered good	-	41,591,580	-	41,591,580	-
Deposits	-	257,566,129	-	257,566,129	-
Other receivables	-	94,103,986	-	94,103,986	-
Cash and bank balances	-	692,527,117	-	692,527,117	-
	-	3,405,011,426	-	3,405,011,426	-

Financial liabilities measured at fair value:

Trade and other payables	-	-	2,901,670,537	2,901,670,537	-
Unclaimed dividend	-	-	99,116,101	99,116,101	-
Long term loans - secured	-	-	1,773,149,211	1,773,149,211	-
Long term musharaka - secured	-	-	290,186,970	290,186,970	-
Short term borrowings - secured	-	-	2,321,395,313	2,321,395,313	-
	-	-	7,385,518,132	7,385,518,132	-

- Long term deposits that are not financial assets (Ijarah security deposits) are not included.
- Loans and advances that are not financial assets (advances to employees and suppliers) are not included.
- Other receivables that are not financial assets (sales tax refundable and others) are not included.
- Trade and other payable that are not financial liabilities (provision for compensated leaves, workers' profit participation fund, workers' welfare fund, central research fund, advance from employees against purchase of vehicles and tax deducted at source) are not included.

Fair value of property, plant and equipment

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 2) based on their assessment of market value as disclosed in note 7. The valuations are conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. This revaluation was carried out by Asif associates (Private) Limited (Independent valuers and consultants). The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

46 Operating Segment

	2026			
	Ferozsons	BF Biosciences	Others	Inter-segment elimination / adjustment
	Rupees			
Revenue from external customers	14,087,041,410	8,889,834,675	980,809,660	23,957,685,745
Inter-segment revenue	1,669,982,486	571,419,127	-	(2,241,401,613)
	15,757,023,896	9,461,253,802	980,809,660	23,957,685,745
Segment Profit before income tax, final tax and minimum tax differential	1,072,533,365	1,067,406,661	39,904,202	2,179,844,228
				(122,443,799)
				2,057,400,429

Revenue - net

Revenue from external customers
Inter-segment revenue

Segment Profit before income tax, final tax and minimum tax differential

Segment assets and liabilities

Segments assets and liabilities are reconciled to
total assets and liabilities as follows:

Segment assets

Non-current assets
Current assets

Segment liabilities

Non-current liabilities
Current liabilities

Other segment information

Depreciation and amortization
Finance Cost
Profit on deposits with bank

6,775,318,459	4,734,186,352	99,010,344	11,608,515,155	364,284,322	11,972,799,477
9,275,961,996	4,445,747,936	231,856,789	13,953,566,721	(4,514,759)	13,949,051,962
16,051,280,455	9,179,934,288	330,867,133	25,562,081,876	359,769,563	25,921,851,439
1,036,576,774	1,579,391,453	-	2,615,968,227	277,787,659	2,893,755,886
5,123,619,685	2,306,451,544	12,250,719	7,442,321,948	(5,145)	7,442,316,803
6,160,196,459	3,885,842,997	12,250,719	10,058,290,175	277,782,514	10,336,072,689
670,910,968	275,426,615	2,550,292	948,887,868	73,621,226	1,022,509,094
318,509,273	105,964,220	610,665	425,084,158	(7,020,000)	418,064,158
3,012,654	7,047,086	1,088,189	11,147,929	-	11,147,929

	2025					
	Ferozsons	BF Biosciences	Others	Total	Inter-segment elimination / adjustment	Consolidated Total
Revenue - net	----- Rupees -----					
Revenue from external customers	12,508,439,579	5,539,250,319	809,209,689	18,856,899,587	-	18,856,899,587
Inter-segment revenue	1,349,527,360	298,215,850	163,001	1,647,906,211	(1,647,906,211)	-
	13,857,966,939	5,837,466,169	809,372,690	20,504,805,798	(1,647,906,211)	18,856,899,587
	923,568,674	723,738,378	28,033,211	1,675,340,263	(119,877,693)	1,555,462,570
Segment profit before income tax, final tax and minimum tax differential						
Segment assets and liabilities						
Segments assets and liabilities are reconciled to total assets and liabilities as follows:						
Segment assets						
Non-current assets	6,805,961,323	4,322,123,324	101,560,636	11,229,645,283	477,011,658	11,706,656,941
Current assets	8,871,665,906	3,836,406,744	185,016,163	12,893,088,813	5,201,698	12,898,290,511
	15,677,627,229	8,158,530,068	286,576,799	24,122,734,096	482,213,356	24,604,947,452
Segment liabilities						
Non-current liabilities	1,292,340,769	1,872,288,928	-	3,164,629,697	321,515,486	3,486,145,183
Current liabilities	5,019,977,403	1,624,276,971	7,864,586	6,652,118,960	(5,150)	6,652,113,810
	6,312,318,172	3,496,565,899	7,864,586	9,816,748,657	321,510,336	10,138,258,993
Other segment information						
Depreciation and amortization	639,873,060	193,614,977	2,788,260	836,276,297	97,865,227	934,141,524
Finance Cost	452,817,730	127,676,712	805,739	581,300,181	(7,020,000)	574,280,181
Profit on deposits with bank	3,860,877	20,210,671	1,278,980	25,350,528	-	25,350,528

46.1 The revenue reported above represents revenue generated from each segment and inter-segment revenue eliminated.

46.2 Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

46.3 Geographic information

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

46.3.1 The analysis of Group's revenue by the country of domicile (Pakistan) and other countries is given in note 28.1 to these consolidated financial statements.

46.3.2 All non-current assets of the Group at 30 June 2026 are located and operated in Pakistan.

47 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

	2026 Rupees	2025 Rupees
Total Debt	4,603,836,321	4,772,079,361
Total Equity	13,239,018,147	12,375,196,139
Total capital employed	17,842,854,468	17,147,275,500
Gearing	25.80%	27.83%

Total debt comprises of long term loans from banking and other financial institutions and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, accumulated profits and surplus on revaluation of fixed assets.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

48 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

30 June 2026	BF Biosciences Limited	Farmacia	Adjustment due to change in ownership in prior years	Total
Amount in Rupees				
NCI percentage	42.64%	2%		
Non current assets	4,734,186,352	99,010,345		
Revaluation surplus	493,807,349	76,210,303		
Current assets	4,445,747,936	231,856,789		
Non-current liabilities	1,579,391,453	-		
Current liabilities	2,306,451,544	12,250,719		
Net assets	5,787,898,640	394,826,718		
Carrying amount of NCI	2,468,047,335	7,896,534	(129,183,266)	2,346,760,603
Revenue - net	9,461,253,802	980,809,660		
Profit after taxation	632,127,122	39,904,202		
Other comprehensive income	-	-		
Total comprehensive income	632,127,122	39,904,202		
Total comprehensive income allocated to NCI	269,548,545	798,084	(15,078,346)	255,268,283
Cash flows from operating activities	(26,509,004)	24,959,569		
Cash flows from investing activities	273,250,015	(8,135,435)		
Cash flows from financing activities (dividends to NCI : Nil)	(319,835,548)	-		
Net increase / (decrease) in cash and cash equivalents	(73,094,537)	16,824,134		

30 June 2025

	BF Biosciences Limited	Farmacia	Adjustment due to change in ownership in prior years	Total
Amount in Rupees				
NCI percentage	42.64%	2%		
Non current assets	4,322,123,324	101,560,638		
Revaluation surplus	533,507,340	66,403,711		
Current assets	3,836,406,744	185,016,163		
Non-current liabilities	1,872,288,928	-		
Current liabilities	1,624,276,971	7,864,586		
Net assets	5,195,471,509	345,115,926		
Carrying amount of NCI	2,215,427,465	6,902,319	(130,837,464)	2,091,492,320
Revenue - net	5,837,466,169	809,372,690		
Profit after taxation	447,147,356	28,033,211		
Other comprehensive income	-	-		
Total comprehensive income	447,147,356	28,033,211		
Total comprehensive income allocated to NCI	190,670,381	560,664	(46,059,096)	145,171,949
Cash flows from operating activities	299,785,156	22,294,444		
Cash flows from investing activities	(1,335,065,375)	(16,540,610)		
Cash flows from financing activities (dividends to NCI : Nil)	1,168,460,981	-		
Net increase in cash and cash equivalents	133,180,762	5,753,834		

49 Utilization of proceeds from Initial Public Offering (IPO)

In the prior year, the Subsidiary Company of the Group, BF Biosciences Limited raised funds through its Initial Public Offering (IPO) to acquire plant and machinery, obtain export-related certifications & product development, and finance working capital requirements. The break-up of utilization of the IPO proceeds as at 30 June 2026 is summarized below:

	Amount Rupees
Gross proceeds from IPO:	1,925,000,000
Less: Transaction costs paid	(69,801,865)
Net Inflows	1,855,198,135
Less: Purchase of plant & machinery	(530,767,698)
Less: Certifications & new product development expenses	(84,324,623)
Less: Expenditures incurred on working capital	(1,016,519,029)
	(1,631,611,350)
Balance Amount	223,586,785

50 Non adjusting events after the reporting date

The Board of Directors of the Holding Company in its meeting held on 29 September 2026 has proposed a final cash dividend of Rs. 5.50 (2025: Rs. 4) per share, amounting to Rs. 239.08 million (2025: Rs. 173.88 million) subject to approval of the members in the Annual General Meeting to be held on 28 October 2026.

51 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 29 September 2026.


Chief Executive Officer


Chief Financial Officer


Director

PATTERN OF **SHAREHOLDING**

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2026

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1,913	1	100	43,720
782	101	500	207,280
387	501	1,000	297,809
492	1,001	5,000	1,096,991
111	5,001	10,000	788,435
45	10,001	15,000	563,852
19	15,001	20,000	332,851
7	20,001	25,000	158,545
16	25,001	30,000	424,659
7	30,001	35,000	226,152
8	35,001	40,000	298,974
3	40,001	45,000	126,628
4	45,001	50,000	190,629
4	50,001	55,000	209,644
6	55,001	60,000	349,559
4	60,001	65,000	254,623
1	65,001	70,000	67,122
3	70,001	75,000	217,952
1	80,001	85,000	81,644
4	85,001	90,000	350,795
3	90,001	95,000	277,875
1	105,001	110,000	105,355
1	120,001	125,000	123,340
1	130,001	135,000	134,742
1	135,001	140,000	138,399
2	140,001	145,000	287,210
1	145,001	150,000	145,829
2	170,001	175,000	345,202
1	200,001	205,000	201,802
1	210,001	215,000	212,410
2	225,001	230,000	454,750
1	230,001	235,000	232,652
1	235,001	240,000	235,716
1	250,001	255,000	255,000
1	255,001	260,000	259,538
1	275,001	280,000	277,858
1	345,001	350,000	349,347
1	400,001	405,000	400,264
1	405,001	410,000	409,618
1	435,001	440,000	437,466

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2026

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1	480,001	485,000	480,200
1	505,001	510,000	507,873
1	515,001	520,000	517,126
1	520,001	525,000	521,731
1	550,001	555,000	554,335
1	590,001	595,000	591,808
2	625,001	630,000	1,256,192
1	705,001	710,000	706,458
1	825,001	830,000	827,396
1	895,001	900,000	895,016
1	935,001	940,000	937,939
1	990,001	995,000	990,071
1	1,300,001	1,305,000	1,303,104
1	1,330,001	1,335,000	1,330,707
1	1,845,001	1,850,000	1,845,817
1	2,030,001	2,035,000	2,031,126
1	2,325,001	2,330,000	2,325,254
1	2,460,001	2,465,000	2,464,808
1	11,805,001	11,810,000	11,809,854
3,862			43,469,052

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2026

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	4,520,846	10.40
Associated Companies, undertakings and related parties.	16,245,178	37.37
NIT and ICP	1,330,707	3.06
Banks, Development Financial Institutions, Non Banking Financial Institutions.	2,331,310	5.36
Insurance Companies	1,497,973	3.45
Modarabas and Mutual Funds	4,298,725	9.89
General Public		
a. Local	9,386,507	21.59
b. Foreign	569,471	1.31
Other Companies (Local)	3,285,335	7.56
Other Companies (Foreign)	3,000	0.01
Shareholder More Than 10.00%		
KFW Factor (Private) Ltd.	11,933,194	27.45

Trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

Name	Designation	No. of Shares Acquired
Mr. Shahid Anwar	Director	100
Mr. Suleman Ghani	Director	1

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 70th Annual General Meeting ("AGM") of the members of Ferozsons Laboratories Limited ("the Company") will be held on Wednesday, 28 October 2026 at 12:45 P.M. at Blue Lagoon, Masood Akhter Kiani Road, Rawalpindi and through video-link, to transact the following business:

Ordinary Business:

1. To confirm minutes of the Extraordinary General Meeting held on 03 July 2026.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2026 together with the Chairperson's Review, Directors' and Auditors' reports thereon.
3. To consider and approve the final cash dividend for the year ended 30 June 2026 at the rate of 55% (i.e. Rs. 5.50 per share) as recommended by the Board of Directors.
4. To appoint Auditors for the year ending 30 June 2027 and fix their remuneration.

Special Business:

5. To consider and approve the related party transactions conducted during the financial year 2025-26, and to authorize the Board of Directors to approve all future related party transactions and to pass, with or without modification, the following resolutions as 'Special Resolutions':

Resolved that the related party transactions conducted by the Company as disclosed in note 39 of the unconsolidated financial statements for the year ended 30 June 2026, be and are hereby ratified and confirmed.

Further resolved that the Company be and is hereby authorized to enter into related party transactions from time to time and to the extent deemed fit and approved by Board of Directors.

Other Business:

6. To transact any other business with the permission of the chair.

Statement of Material Facts as required under Section 134(3) of the Companies Act, 2017 is hereby annexed with the Annual General Meeting notice.

By order of the Board

Rawalpindi
29 September 2026



Syed Ghausuddin Saif
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Book closure:

The Share Transfer Books of the Company will be closed from 21 October 2026 to 28 October 2026 (both days inclusive). Transfers received at the office of the Company's Share Registrar at M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, at the close of business on 20 October 2026 will be treated in time to entitle the transferees for payment of dividend and to attend the annual general meeting.

2. Participation in the AGM:

Members whose names are appearing in the Register of Members as of close of business on 20 October 2026, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him/her. In case of individuals, a proxy must be a Member of the Company.

Copy of the Form of Proxy may be downloaded from the Company's website: <http://www.ferozsons-labs.com>.

Form of Proxy and the Power of Attorney or any other authority (if any) under which it is signed, or a notarial certified copy/CTC of such power or authority, must be valid and submitted through email on cs@ferozsons-labs.com not less than 48 hours before the time of holding AGM.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and immediately notify changes in the registered address to our Share Registrar, CorpTec Associates (Pvt.) Lim.

3. Procedure for Attending AGM through Video-link facility:

Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number, and Number of Shares held in their name with subject "Registration for Ferozsons Laboratories Limited AGM - 2026" along with valid copy of both sides of Computerized National Identity Card (CNIC) at cs@ferozsons-labs.com. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

4. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders:

a. For Attending the AGM:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by sharing a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes) at least 48 hours before the time of holding AGM.

(ii) In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be shared through email at cs@ferozsons-labs.com (unless it has been provided earlier) at least 48 hours before the time of holding AGM.

b. For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall share the Form of Proxy as per the above requirement.

(ii) The Form of Proxy shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the Form of Proxy through email (as mentioned in the notes).

(iv) The proxy shall share a copy of his/her CNIC/SNIC or passport through email (as mentioned in the notes).

(v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Form of Proxy to the Company through email (as mentioned in the notes).

NOTICE OF ANNUAL GENERAL MEETING

5. Withholding Tax on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 following rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

a.	Persons appearing in the Active Tax Payers' List (ATL)	15%
b.	Persons not appearing in the Active Tax Payers' List (ATL)	30%

Members whose names do not appear in the Active Tax Payers List (ATL) provided on the website of FBR (despite the fact that they are filers) are advised to make sure that their names are entered into ATL to avoid higher tax deductions against any future payment of dividend.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder or as may be notified by the shareholders in writing to our share registrar. In case no such notification is received, then each shareholder shall be assumed to have an equal number of shares.

6. Exemption from Deduction of Income Tax / Zakat:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption / reduced rate certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat. These requests must be submitted to our share registrar M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.

7. Electronic Dividend Mandate:

Under the Section 242 of the Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar, M/s. CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

8. Submission of Valid CNIC:

Pursuant to the SECP directives the dividend of shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Company's Share Registrar without any further delay.

9. Transfer of Physical Shares to CDC Account:

Pursuant to the section 72 of the Companies Act, 2017 listed companies are required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the date of promulgation of the Act.

The Shareholders who hold physical shares are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scripless form.

10. Electronic Voting:

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

11. Procedure for Voting through Postal Ballot:

Pursuant to the Companies (Postal Ballot) Regulations, 2018 and other relevant laws & regulations, Members voting on items falling under Special Business will be allowed to exercise their right to vote through postal ballot i.e., voting by post or e-voting facility, in accordance with the requirements and procedure contained in the aforesaid Regulations.

NOTICE OF ANNUAL GENERAL MEETING

In case of voting by post, the members must ensure that duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Company's registered address at 197-A, The Mall, Rawalpindi, Pakistan or email at chairperson@ferozsons-labs.com one day before the AGM i.e., 27 October 2026 before 5:00 p.m. A postal ballot received after this date / time shall not be considered for voting. For convenience of members, Ballot Paper is annexed to this notice and same is also available on the Company's website www.ferozsons-labs.com.

Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the members register of the Company.

12. Requirement to Incorporate Email Address and Cell Number:

Members are requested to ensure that their email and cell number are duly updated in their physical folios maintained with Share Registrar of the Company and with their Broker / CDC Investor Account Services.

13. Video Conferencing Facility:

In accordance with provisions of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding, residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 14 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, a formal request must be submitted at registered addresses of the Company OR through e-mail at cs@ferozsons-labs.com.

14. Electronic Transmission of Financial Statements:

Pursuant to various notifications, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to circulate annual financial statements and notices of annual/extraordinary general meetings through Email/CD/DVD or any other media to their shareholders at their registered addresses.

Shareholders, who wish to receive the hardcopy of the annual financial statements, may email at cs@ferozsons-labs.com. The same shall be provided to the shareholders free of cost within seven working days of receipt of such request.

The financial statements of the Company for the year ended 30 June 2026 have been placed on the Company's website: www.ferozsons-labs.com

NOTICE OF ANNUAL GENERAL MEETING

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on 28 October 2026.

Agenda Item 5: Approval of Related Party Transactions along with Authorization to Board of Directors for Related Party Transactions Approval

The Company carries out certain transactions with its related parties. These transactions are conducted in the ordinary course of business and on arm's length basis. As required under Listed Companies (Code of Corporate Governance) Regulations, 2019, all related party transactions are periodically reviewed by the Board Audit Committee before these are approved by the Board of Directors.

None of the directors have any direct interest in the related party transactions, except for common directorships due to which Members' approval under Sections 207 and / or 208 of the Companies Act, 2017, and Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 is required.

Accordingly, an approval from the Members is hereby sought to ratify and confirm the related party transactions as disclosed in note 39 of the unconsolidated financial statements.

Further, the Company will continue to enter into transactions with its related parties during the financial year 2026-27. Approval of Members is also sought to authorize the Company to conduct such related party transactions and authorize Board of Directors to approve them from time to time.



BALLOT PAPER FOR
VOTING THROUGH POST

BALLOT PAPER FOR VOTING THROUGH POST

BALLOT PAPER FOR VOTING THROUGH POST FOR POLL TO BE HELD ON 28 OCTOBER 2026 AT 12:45 P.M. AT BLUE LAGOON, MASOOD AKHTER KIANI ROAD, RAWALPINDI



Registered Office: 197-A, The Mall, Rawalpindi.
Phone: +92-51-4252155-57 Website: www.ferozsons-labs.com
E-mail: cs@ferozsons-labs.com

Designated address of the Chairperson at which the duly filled in ballot paper may be sent:
Physical: 197-A, The Mall, Rawalpindi, Pakistan.
E-mail: chairperson@ferozsons-labs.com

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	<u>Special Business - Agenda Item No. 5</u> RESOLVED THAT the related party transactions conducted by the Company as disclosed in note 39 of the unconsolidated financial statements for the year ended 30 June 2026, be and are hereby ratified and confirmed. FURTHER RESOLVED THAT the Company be and is hereby authorized to enter into related party transactions from time to time and to the extent deemed fit and approved by Board of Directors.			

Signature of Shareholder(s)
Date:
Place:

BALLOT PAPER FOR VOTING THROUGH POST

BALLOT PAPER FOR VOTING THROUGH POST FOR POLL TO BE HELD ON 28 OCTOBER 2026 AT
12:45 P.M. AT BLUE LAGOON, MASOOD AKHTER KIANI ROAD, RAWALPINDI

Procedure For Voting Through Postal Ballot:

- Duly filled Postal Ballot paper should be sent to the Chairperson of Ferozsons Laboratories Limited at registered office address 197-A, The Mall, Rawalpindi or via e-mail at chairperson@ferozsons-labs.com
- Copy of CNIC or Passport (in case of foreign nationals only) should be enclosed with the Postal Ballot Form.
- Postal ballot forms should reach chairperson of the meeting one day before the AGM i.e., 27 October 2026 before 5:00 p.m. Any postal ballot received after this date, will not be considered for voting.
- Signature on the Postal Ballot should match with the signature on CNIC/Passport.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
- In case of representative of Corporate Body or any other institution, Postal Ballot must be accompanied with the copy of CNIC/Passport of authorized person, attested copy of the Board Resolution etc. in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In case of foreign corporate body, all documents must be attested by the Consul General of Pakistan having jurisdiction over the Shareholder.
- Ballot Paper has also been placed at the Company's website www.ferozsons-labs.com

خطے میں موجودہ جغرافیائی سیاسی صورتحال بھی تشویش کا ایک اضافی شعبہ ہے۔ جاری تنازعات اور علاقائی تجارت و توانائی کے راستوں میں رکاوٹوں نے عالمی ایندھن کی قیمتوں، مال برداری کے اخراجات اور سپلائی چینز میں اتار چڑھاؤ پیدا کیا ہے۔ کسی بھی طویل مدتی شدت کی صورت میں درآمد شدہ اے پی آئیز، پیکیجنگ میٹریل اور دیگر ان پٹس کی لاگت اور ترسیل کے اوقات مزید بڑھ سکتے ہیں۔ انتظامیہ ان پیش رفتوں کی قریبی نگرانی جاری رکھے ہوئے ہے اور سپلائی کے تسلسل کو محفوظ بنانے اور ان کے مالی اثرات کو منظم کرنے کے لیے مناسب اقدامات کر رہی ہے۔

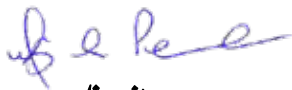
سال کے اختتام کے بعد، کمپنی نے گلیمڈ سائنسز (Gilead Sciences) سے سال میں ایک مرتبہ استعمال ہونے والی لینا کاپاویر سوڈیم (Lenacapavir Sodium) کے لیے رضاکارانہ لائسنس حاصل کیا، جس سے مریضوں کی ان ضروریات کو پورا کرنے کے لیے گلیمڈ سائنسز (Gilead Sciences) کے ساتھ کمپنی کی دیرینہ شراکت داری مزید مضبوط ہوئی ہے۔ کمپنی سال میں دو مرتبہ استعمال ہونے والی لینا کاپاویر سوڈیم (Lenacapavir Sodium) کی مقامی رجسٹریشن کے عمل میں بھی پیش رفت کر رہی ہے، جو کمپنی کے ایچ آئی وی (HIV) کے شعبے میں ایک اہم پیش رفت کی نمائندگی کرتی ہے۔

مستقبل کے حوالے سے، انتظامیہ مریضوں کی ایسی طبی ضروریات جن کا علاج ابھی متعارف نہیں ہوا ان کو پورا کرنے کے ساتھ ساتھ کمپنی کے دائمی اور خصوصی نگہداشت کے شعبے کو وسعت دینے اور متنوع بنانے پر توجہ مرکوز رکھے ہوئے ہے۔ کمپنی قلبی و استجابی، معدہ و آنتوں کے امراض، جگر کے امراض اور جلدی امراض کے شعبوں میں اپنی موجودگی کو مزید مضبوط بنانے کے ساتھ ساتھ یورولوجی اور گائناکالوجی میں اپنے مصنوعات کے مجموعے اور مارکیٹ میں رسائی کو مزید بہتر بنانے کا ارادہ رکھتی ہے۔ نئی مصنوعات کا اجراء، مصنوعات میں جدت اور جدید علاج معالجے کے طریقوں تک رسائی مستقبل میں کمپنی کی ترقی کے اہم محرکات رہیں گے۔

اظہارِ تشکر

ہم کمپنی کے مقاصد کے حصول کے لیے اپنے ملازمین کی قابلِ قدر کاوشوں اور وابستگی کو خراج تحسین پیش کرتے ہیں۔ مزید برآں، ہم اپنے پرنسپلز، کاروباری شراکت داروں اور معزز صارفین کی مسلسل حمایت اور کمپنی پر اعتماد کے لیے ان کا شکریہ ادا کرتے ہیں۔

بورڈ کے لیے/کی طرف سے



مسز منیر ظہیر راجہ
ڈائریکٹر



مسٹر عثمان خالد وحید
چیف ایگزیکٹو آفیسر

لاہور

29 ستمبر، 2026

انفارمیشن ٹیکنالوجی اور سائبر سیکیورٹی کے خطرات: کمپنی اپنے آپریشنز کو معاونت فراہم کرنے کے لیے انفارمیشن سسٹمز اور ڈیجیٹل ٹیکنالوجی پر بڑھتے ہوئے انحصار کرتی ہے۔ کاروباری تسلسل اور معلوماتی اثاثوں کے تحفظ کے لیے کمپنی آئی ٹی انفراسٹرکچر، سائبر سیکیورٹی اقدامات، سسٹم میں بہتری اور ڈیٹا پروٹیکشن کنٹرولز میں مسلسل سرمایہ کاری کر رہی ہے۔

موسمیاتی اور کاروباری تسلسل کے خطرات: ناموافق موسمی حالات، توانائی کی قلت، یوٹیلٹی میں رکاوٹیں اور دیگر آپریشنل چیلنجز مینوفیکچرنگ اور ڈسٹری بیوشن کی سرگرمیوں کو متاثر کر سکتے ہیں۔ کمپنی ہنگامی منصوبہ بندی، انفراسٹرکچر میں بہتری، توانائی کے انتظام کے اقدامات اور کاروباری تسلسل کے اقدامات کے ذریعے اپنی آپریشنل چک کو مضبوط بنا رہی ہے۔

مالیاتی خطرات: مالیاتی خطرات، بشمول کریڈٹ، لیکویڈیٹی اور مارکیٹ کے خطرات، قائم شدہ پالیسیوں، کنٹرولز اور نگرانی کے طریقہ کار کے ذریعے منظم کیے جاتے ہیں، جس میں ورکنگ کیمپمیل مینجمنٹ، وصولیوں کی ریکوری، لیکویڈیٹی پلاننگ اور مناسب فنانسنگ سہولیات برقرار رکھنے پر خصوصی توجہ دی جاتی ہے۔ ان کی تفصیلات مالیاتی بیانات کے نوٹس میں بیان کی گئی ہیں۔

ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر اور نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی

ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر ایک معاوضہ پیکیج کے حقدار ہیں، جس کی تفصیلات غیر مجموعی مالیاتی بیانات کے نوٹ نمبر 38 میں درج ہیں۔ جبکہ نان ایگزیکٹو ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، صرف اجلاس میں شرکت کی فیس اور سفری اخراجات کی ادائیگی کے حقدار ہیں۔

آڈیٹرز

آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور مالی سال 2026-27 کے لیے دوبارہ تقرری کی پیشکش کرتے ہیں۔

ورڈ آؤٹ کمیٹی نے کمپنی کے مالی سال 2026-27 کے آڈیٹرز کے طور پر کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔ اس کے مطابق، بورڈ نے بھی آئندہ سالانہ عام اجلاس میں حصص یافتگان کی منظوری کے لیے یہی سفارش پیش کی ہے۔

صنعتی جائزہ اور مستقبل کا منظر نامہ

پاکستان کی ریٹیل دواسازی کی مارکیٹ کی مالیت 12 کھرب روپے سے زائد ہے اور سال کے دوران اس میں تقریباً 15 فیصد اضافہ ریکارڈ کیا گیا، جو بنیادی طور پر قیمتوں میں ایڈجسٹمنٹ کی وجہ سے ہوا۔

پاکستان اور افغانستان کی سرحد کی بندش نے دواسازی کی صنعت کی برآمدات کو متاثر کیا ہے۔ پاکستان سے دواسازی کی برآمدات میں افغانستان کا ایک بڑا حصہ ہے، اور اگر صورتحال حل نہ ہوئی تو یہ اثر برقرار رہ سکتا ہے۔

سال کے دوران مارکیٹ سے زیادہ آمدنی میں اضافہ حاصل کرنے کے باوجود، مہنگائی کے عوامل، بالخصوص ایندھن کی بلند قیمتوں اور منتخب اے پی آئیز کی قیمتوں میں اضافے کے باعث کمپنی کا منافع دباؤ میں رہا۔

میڈیکل ڈیوائسز کے شعبے کو بھی ورکنگ کیمپمیل کے اہم چیلنجز کا سامنا رہا۔ بیلنس شیٹ کی تاریخ تک اس شعبے میں سرکاری ٹینڈرز کے حوالے سے سرکاری شعبے سے وصولیاں ایک بڑی رکاوٹ بنی رہیں۔ ورکنگ کیمپمیل سائیکل میں اس طوالت نے کمپنی کے مالیاتی اخراجات میں اضافہ کیا اور بعض سرکاری اداروں کو مزید سپلائی کرنے کی صلاحیت کو متاثر کیا۔

خطرات سے بچاؤ

بورڈ آف ڈائریکٹرز کمپنی کے رسک مینجمنٹ فریم ورک کی نگرانی کا ذمہ دار ہے اور اس نے کمپنی کو درپیش بنیادی خطرات کا ایک جامع جائزہ لیا ہے، جن میں وہ خطرات بھی شامل ہیں جو کاروباری ماڈل، مستقبل کی کارکردگی، مالیاتی استحکام اور لیکویڈیٹی کو متاثر کر سکتے ہیں۔ کمپنی کا رسک مینجمنٹ طریقہ کار مناسب کنٹرولز اور حکمت عملی اقدامات کے ذریعے خطرات کی شناخت، تشخیص، نگرانی اور تدارک پر مرکوز ہے۔ رسک مینجمنٹ کمپنی کے فیصلہ سازی کے عمل میں شامل ہے اور پائیدار ترقی اور طویل مدتی قدر پیدا کرنے میں معاونت کے لیے بورڈ اور انتظامیہ کی جانب سے باقاعدگی سے اس کا جائزہ لیا جاتا ہے۔

کمپنی کو درپیش چند اہم خطرات اور ان کے تدارک کی اقدامات درج ذیل ہیں:

معاشی اور سیاسی خطرات: معاشی اور سیاسی ماحول میں تبدیلیاں کاروباری سرگرمیوں، مارکیٹ کے حالات اور صارفین کی قوت خرید کو متاثر کر سکتی ہیں۔ انتظامیہ مسلسل پیش رفت کی نگرانی کرتی ہے اور کاروبار پر ممکنہ اثرات کو کم کرنے کے لیے مناسب حکمت عملیوں کا جائزہ لیتی ہے۔

زیر مبادلہ اور قیمتوں کے خطرات: چونکہ کمپنی کے خام مال اور مصنوعات کا ایک نمایاں حصہ درآمد کیا جاتا ہے، اس لیے زیر مبادلہ کی شرح میں اتار چڑھاؤ خریداری کی لاگت میں اضافہ اور منافع پر اثر انداز ہو سکتا ہے۔ مزید برآں، دواسازی کی قیمتوں پر ریگولیٹری کنٹرولز کمپنی کی اضافی لاگت کو فوری طور پر صارفین تک منتقل کرنے کی صلاحیت کو محدود کر سکتے ہیں۔ کمپنی زیر مبادلہ کے خطرات کی مسلسل نگرانی کرتی ہے اور ان خطرات کو کم کرنے کے لیے مناسب خریداری، انوینٹری اور خزانہ مینجمنٹ کی حکمت عملیاں اختیار کرتی ہے۔

ریگولیٹری اور تعمیلی خطرات: دواسازی کی صنعت ایک سخت ضابطہ جاتی ماحول میں کام کرتی ہے۔ ریگولیٹری تقاضوں، قیمتوں کے تعین کے طریقہ کار، معیار کے معیارات اور تعمیلی ذمہ داریوں میں تبدیلیاں کاروباری سرگرمیوں کو متاثر کر سکتی ہیں۔ کمپنی مضبوط تعمیلی طریقہ کار برقرار رکھتی ہے اور قابل اطلاق قوانین و ضوابط کی پابندی یقینی بنانے کے لیے ریگولیٹری حکام اور صنعتی اسٹیک ہولڈرز کے ساتھ فعال طور پر رابطہ رکھتی ہے۔

مسابقتی خطرات: مارکیٹ میں غیر قانونی اور کم معیار کی مصنوعات پر کمزور ریگولیٹری کنٹرول کے باعث پاکستان کی دواسازی کی صنعت غیر صحت مند مسابقت کے خطرات سے دوچار ہے۔ ان خطرات کو کم کرنے کے لیے کمپنی پاکستان فارماسیوٹیکل مینوفیکچررز ایسوسی ایشن کے دیگر اراکین کے ساتھ مل کر حکومتی ضوابط اور پالیسیوں میں بہتری کے لیے مسلسل لابیگ کر رہی ہے۔

سپلائی چین کے خطرات: خام مال اور تیار شدہ مصنوعات کی دستیابی کمپنی کے آپریشنز کے لیے اہم ہے۔ عالمی سپلائی چین میں رکاوٹیں، جغرافیائی سیاسی پیش رفت اور لاجسٹکس کی پابندیاں خریداری اور پیداوار کی سرگرمیوں کو متاثر کر سکتی ہیں۔ کمپنی جامع طلب کی پیش گوئی، پیداواری منصوبہ بندی، سپلائرز میں تنوع، اسٹریٹجک انوینٹری مینجمنٹ اور سپلائی چین کی مسلسل نگرانی کے ذریعے ان خطرات کو کم کرتی ہے۔

پائیداری

بورڈ آف ڈائریکٹرز، انتظامیہ کی معاونت سے، پائیداری سے متعلقہ خطرات اور مواقع کی مسلسل نگرانی کرتا ہے جو کمپنی کے آپریشنز، مالیاتی کارکردگی اور طویل مدتی قدر میں اضافے پر اثر انداز ہو سکتے ہیں۔ اس عمل میں ماحولیاتی اور عملیاتی عوامل کا جائزہ لینا اور متعلقہ پائیداری کے پہلوؤں کو کمپنی کی کاروباری سرگرمیوں میں شامل کرنا شامل ہے۔ اگرچہ پائیداری سے متعلق ایسے کوئی اہم خطرات کی نشاندہی نہیں کی گئی جو کمپنی کے کاروبار پر نمایاں اثر انداز ہونے کی توقع ہو، تاہم ممکنہ ماحولیاتی اثرات کے انتظام اور تدارک کے لیے مناسب اقدامات بدستور موجود ہیں۔

کمپنی گزشتہ برسوں میں نافذ کیے گئے پائیداری کے اقدامات سے مسلسل مستفید ہو رہی ہے۔ کمپنی کے پیداواری مقامات پر قائم گندے پانی کی سال بھر فعال رہے، جس کے نتیجے میں پیداواری عمل سے پیدا ہونے والے (Wastewater Treatment Facilities) صفائی کے پلانٹس گندے پانی کو متعلقہ ماحولیاتی قوانین اور ضوابط کے مطابق خارج کرنے سے قبل مناسب طریقے سے صاف اور غیر مؤثر بنایا جاتا رہا۔ مزید برآں، فی سہولت کی تنصیب شدہ صلاحیت کے حامل شمسی توانائی کے پلانٹس سال بھر (MW) نوشہرہ اور رائیونڈ کی سہولیات میں بالترتیب 1 میگاواٹ فعال رہے، جس سے صاف توانائی کے استعمال، توانائی کی کارکردگی میں بہتری اور روایتی توانائی کے ذرائع پر انحصار میں کمی میں معاونت حاصل ہوئی۔ کمپنی وسائل کے ذمہ دارانہ استعمال، ماحولیاتی قوانین اور ضوابط کی پابندی، اور پائیدار کاروباری طریقہ کار کے لیے اپنے عزم پر بدستور قائم ہے۔

قومی خزانے میں شراکت

کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹیز، سینٹرل ریسرچ فنڈ اور دیگر قانونی محصولات سمیت مختلف حکومتی محصولات کی مد میں حکومت کو 1,073 ملین روپے ادا کیے ہیں۔

متعلقہ فریقین کے ساتھ لین دین

30 جون 2026 کو ختم ہونے والے سال کے دوران متعلقہ فریقین کے ساتھ لین دین آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیے گئے۔ یہ لین دین سال کے دوران منعقد ہونے والے بورڈ کے اجلاسوں میں منظور کیے گئے۔ متعلقہ فریقین کے ساتھ لین دین کی تفصیلات غیر مجموعی مالیاتی بیانات کے نوٹ نمبر 39 میں دی گئی ہیں۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی تشکیل اور اجلاس

بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور منعقدہ اجلاسوں کی تشکیل سے متعلق معلومات، ساتھ ہی ان افراد کی تفصیل بھی منسلک ہے جو مالی سال 2025-26 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر رہے۔

حصص داری کا ڈھانچہ

30 جون 2026 تک حصص داری کا پیٹرن منسلک ہے۔ کمپنی کے حصص میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کی جانے والی تمام خرید و فروخت، اگر کوئی ہو، بھی منسلک ہے۔

کمپنی کی سماجی ذمہ داری

تعلیم، بیماریوں سے متعلق آگاہی اور معیاری صحت کی سہولیات تک رسائی کو فروغ دینے والے اقدامات کے ذریعے کمپنی ان کمیونٹیز کی فلاح و بہبود میں مسلسل معاونت کر رہی ہے جن کی وہ خدمت کرتی ہے۔ 'مریض کو اولین ترجیح' کے فلسفے کی رہنمائی میں، کمپنی صحت کے ماہرین اور کمیونٹی تنظیموں کے ساتھ مل کر با معنی اور دیرپا اثر پیدا کرنے کے لیے کام کرتی ہے۔ کمپنی اخلاقی کاروباری طریقوں، ذمہ دارانہ کارپوریٹ طرز عمل، ملازمین کی ترقی اور عوامی صحت کو بہتر بنانے اور معیار زندگی میں بہتری کے لیے مسلسل عزم کے ذریعے اپنے اسٹیک ہولڈرز کے لیے پائیدار قدر پیدا کرنے کی کوشش کرتی ہے۔

ڈویڈنڈ کا اعلان

ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے سال کے لیے 55 فیصد یعنی 5.5 روپے فی حصص کے حتمی نقد ڈویڈنڈ کی سفارش کی ہے، جو 28 اکتوبر 2026 کو ہونے والی سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے۔ یہ تخصیصات کمپنیز ایکٹ، 2017 کے مطابق آئندہ مالیاتی گوشواروں میں شامل کی جائیں گی۔

کوڈ آف کارپوریٹ گورننس کی تعلیل کا اعلامیہ

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت لازم ہے، ڈائریکٹرز یہ بیان کرتے ہوئے مسرت محسوس کرتے ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات اس کی مالی حیثیت، آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کی باقاعدہ اکاؤنٹس کی کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی بیانات کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر نافذ کیا گیا ہے۔ اکاؤنٹنگ تخمینے مناسب اور محتاط فیصلے کی بنیاد پر کیے گئے ہیں۔
- پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ (IFRS) کے معیارات کو مالیاتی بیانات کی تیاری میں اختیار کیا گیا ہے، اور کسی بھی انحراف کو مناسب طور پر ظاہر اور وضاحت کے ساتھ بیان کیا گیا ہے۔
- اندرونی کنٹرول کے نظام ڈیزائن کے اعتبار سے مضبوط ہیں اور انتظامیہ نے انہیں مؤثر طور پر نافذ کیا ہے۔ ان کی نگرانی اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کرتی ہے۔ بورڈ آڈٹ کمیٹی کے ذریعے قائم کردہ اندرونی کنٹرولز کی موثریت کا جائزہ لیتا ہے اور ضرورت پڑنے پر مزید بہتری کی سفارش کرتا ہے۔
- کمپنی کی اچلتے رہنے کی صلاحیت کے بارے میں کوئی اہم شبہ موجود نہیں ہے۔
- کارپوریٹ گورننس کی بہترین پریکٹسز سے کوئی مادی انحراف نہیں ہوا جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔
- گزشتہ سال کے آپریشنل نتائج سے نمایاں انحرافات کو سالانہ رپورٹ میں ان کی وجوہات کے ساتھ تفصیل سے بیان کیا گیا ہے۔
- کمپنی مستقبل قریب میں کارپوریٹ ری اسٹرکچرنگ یا اپنے آپریشنز کو بند کرنے کا ارادہ نہیں رکھتی۔
- واجب الادا ٹیکس، قانونی محصولات اور ڈیویڈنڈ، اگر کوئی ہوں، مالیاتی بیانات میں مناسب طور پر ظاہر کیے گئے ہیں۔

پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت کا اعلامیہ

30 جون 2026 کے تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ملازمین کے پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 1,814 ملین روپے ہے۔

تنوع، مساوات اور شمولیت

کمپنی ایک متنوع، مساوی اور شمولیتی کام کی جگہ کے فروغ کے لیے پُر عزم ہے جہاں تمام ملازمین کو جنس، معذوری، نسلی پس منظر، مذہب یا سماجی و اقتصادی پس منظر سے قطع نظر ترقی اور پیشہ ورانہ نشوونما کے مساوی مواقع فراہم کیے جاتے ہیں۔ یہ عزم منصفانہ روزگار کے طریقوں، شمولیتی کام کے کلچر اور بورڈ اور افرادی قوت کی سطح پر تنوع کے فروغ کے ذریعے پوری تنظیم میں نمایاں ہوتا ہے۔ کمپنی مختلف صلاحیتوں کے حامل افراد کو روزگار کے مواقع بھی فراہم کرتی ہے اور ایک باعزت، معاون اور مساوی کام کا ماحول پیدا کرنے کے لیے پُر عزم ہے۔

کمپنی کا مجموعی منافع مارجن (GP) اس وقت 42 فیصد ہے، جو گزشتہ سال کے 41 فیصد کے مقابلے میں زیادہ ہے۔ مجموعی منافع کے مارجن میں اضافے کی بنیادی وجہ فروخت کے امتزاج میں تبدیلی کے ساتھ ساتھ بعض مصنوعات کی قیمتوں میں اضافہ ہے۔ سیلنگ اور ڈسٹری بیوٹن کے اخراجات میں 23 فیصد اضافہ ہوا، جس کی بنیادی وجہ فیلڈ فورس میں توسیع اور فیلڈ سرگرمیوں میں اضافہ ہے، جبکہ مہنگائی کے اثرات کے باعث انتظامی اخراجات میں 15 فیصد اضافہ ہوا۔ مالیاتی اخراجات میں 30 فیصد کمی واقع ہوئی، جس کی بنیادی وجوہات قلیل مدتی قرضوں میں کمی اور گزشتہ سال کے مقابلے میں اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں اوسطاً 300 بیسس پوائنٹس کی کمی ہیں۔ ٹیکس کے بعد منافع 651 ملین روپے رہا، جو گزشتہ سال کے مقابلے میں 23 فیصد اضافہ ظاہر کرتا ہے۔ ٹیکس کے بعد منافع کی بنیاد پر، علیحدہ بنیادوں پر فی حصص آمدنی 14.97 روپے رہی، جبکہ گزشتہ سال یہ 12.15 روپے فی حصص تھی۔

بی ایف بائیو سائنسز لمیٹڈ (ذیلی کمپنی) کا مالیاتی اور عملی جائزہ

بی ایف بائیو سائنسز لمیٹڈ (ذیلی کمپنی) کی خالص فروخت 9.5 ارب روپے رہی، جبکہ گزشتہ سال یہ 5.8 ارب روپے تھی، جو 62 فیصد اضافہ ظاہر کرتی ہے۔ کمپنی کا ٹیکس کے بعد منافع 632 ملین روپے رہا، جبکہ گزشتہ سال یہ 447 ملین روپے تھا، جو 41 فیصد اضافہ ظاہر کرتا ہے۔ ٹیکس کے بعد منافع اور حصص کی وزنی اوسط تعداد کی بنیاد پر، 30 جون 2026 کو ختم ہونے والے سال کے لیے فی حصص آمدنی 7.16 روپے رہی، جبکہ گزشتہ سال یہ 5.52 روپے فی حصص تھی۔ مزید تفصیلات کے لیے 30 جون 2026 کو ختم ہونے والے سال کا ملاحظہ (PSX: BFBIO) ذیلی کمپنی کے شائع شدہ مالیاتی بیانات پر کریں۔

کلیدی عملی اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے لیے انفرادی اور مجموعی مالیاتی بیانات کے کلیدی عملی اور مالیاتی اعداد و شمار کا خلاصہ پیش کیا گیا ہے۔

سرمایہ کاری کے اخراجات

سال کے دوران کمپنی نے 575 ملین روپے سرمایہ جاتی اخراجات پر خرچ کیے، جن میں بنیادی طور پر ایک بلسٹرنگ مشین کی خریداری اور پیداواری سہولت کی توسیع و تجدید کاری شامل ہے، جس کا مقصد پیداواری معیار اور کارکردگی کو بہتر بنانا ہے۔

سال کے اختتام کے بعد ہونے والے واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی واقع نہیں ہوئی۔

فی حصص آمدنی

30 جون 2026 کو ختم ہونے والے سال کے خالص منافع کی بنیاد پر، علیحدہ بنیادوں پر فی حصص آمدنی 14.97 روپے رہی، جبکہ گزشتہ سال یہ 12.15 روپے فی حصص تھی۔ مجموعی بنیادوں پر فی حصص آمدنی 22.51 روپے رہی، جبکہ گزشتہ سال یہ 17.86 روپے فی حصص تھی۔

شراکت داروں کے لیے ڈائریکٹرز رپورٹ

(30 جون، 2026 کو سال کے خاتمے پر)

ہم 70 ویں سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ اس رپورٹ میں مالی سال ختم شدہ 30 جون 2026 کے لیے کمپنی کے آڈٹ شدہ انفرادی مالی بیانات کے ساتھ مجموعی مالی بیانات بھی شامل ہیں۔ مجموعی مالی بیانات میں کمپنی کی 57.36 فیصد ملکیت والی ذیلی کمپنی بی ایف بایو سائنسز لمیٹڈ اور 98 فیصد ملکیت والا ریٹیل وینچر فارماسیا بھی شامل ہیں۔

یہ رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ اخلاق) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔

کمپنی کے انفرادی اور مجموعی مالی نتائج کی جھلکیاں

اس سال کے مالیاتی نتائج کا خلاصہ اور پچھلے سال سے موازنہ نیچے دیا گیا ہے۔

مجموعی		انفرادی		
2025	2026	2025	2026	
(روپے ملین میں)				
18,857	23,958	13,858	15,757	خالص آمدنی
7,997	10,705	5,719	6,626	مجموعی منافع
1,555	2,057	924	1,073	منافع قبل از ٹیکس
922	1,228	528	651	منافع بعد از ٹیکس
17.86	22.51	12.15	14.97	فی حصص آمدنی (روپے)

فیروز سنز لیبارٹریز لمیٹڈ کا مالیاتی اور عملی جائزہ

کمپنی کی مجموعی خالص فروخت 23.96 ارب روپے پر بند ہوئی، جو پچھلے سال کے مقابلے میں 27 فیصد اضافہ ظاہر کرتی ہے۔ علیحدہ بنیاد پر کمپنی کی خالص فروخت 15.76 ارب روپے رہی، جو پچھلے سال کے مقابلے میں 14 فیصد اضافہ ظاہر کرتی ہے۔

مارکیٹ میں جینزک مصنوعات کی فروخت میں 21 فیصد اضافہ ہوا، جبکہ ادارہ جاتی سطح پر جینزک ادویات اور میڈیکل ڈیوائسز کی فروخت میں 2 فیصد کمی واقع ہوئی۔ یہ بات قابل ذکر ہے کہ مارکیٹ میں جینزک مصنوعات کی فروخت میں اضافہ بنیادی طور پر مقدار میں اضافے کی وجہ سے ہوا، جبکہ ادارہ جاتی فروخت میں کمی کی بنیادی وجہ سرکاری شعبہ صحت کے محدود بجٹ اور اداروں کی جانب سے خریداری کی سرگرمیوں میں تاخیر ہے۔

DIRECTORS' REPORT

(URDU)

FORM OF **PROXY**

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

70th Annual General Meeting

I/We, _____ of _____
being a member of **Ferozsons Laboratories Limited** and holder of _____ ordinary Shares
as per share register Folio/CDC Account No. _____ do hereby appoint Mr./Mrs. _____
_____ Folio/CDC Account No. _____
_____ of _____ CNIC No. or Passport No. _____ or failing him/her
Mr./Mrs. _____
Folio/CDC Account No. _____ of _____ CNIC No. or Passport No. _____
_____ who is also a member of the Company as my/our proxy to attend, speak and vote for
me/us and on my/our behalf at the 70th Annual General Meeting of the Company to be held on
Wednesday, 28 October 2026 at 12:45 p.m. or at any adjournment thereof.

Five Rupees
Revenue Stamp

Signature of Shareholder

(The signature should agree with the specimen
registered with the Company)

Signed this _____ day of _____ 2026

Signature of Proxy _____

1. Witness:

Signature: _____

Name: _____

Address: _____

CNIC No. _____

2. Witness:

Signature: _____

Name: _____

Address: _____

CNIC No. _____

Note: Proxies, in order to be effective, the instrument of proxy and the power of attorney or any other authority, under which it is signed, must be shared through e-mail on cs@ferozsons-labs.com not less than 48 hours before the time of AGM.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before email to the Company.

CUT HERE

فیروز سنز لیبارٹریز لمیٹڈ

نمائندگی فارم (پراکسی فارم)

70 واں سالانہ اجلاس عام

میں/ہم کا/کی _____ بحیثیت رکن فیروز سنز لیبارٹریز لمیٹڈ اور بذریعہ حصص رجسٹر کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ حامل _____ عام حصص، کمپنی کے ایک دوسرے رکن کا/کی _____ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، یا بصورت دیگر کمپنی کے اور رکن کا/کی _____ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ یا پاسپورٹ نمبر _____، کو میری/ہماری غیر حاضری میں کمپنی کے 70 ویں سالانہ اجلاس عام میں، جو بروز بدھ بتاریخ 28 اکتوبر 2026، دوپہر 12:45 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری، اظہار خیال اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھنے چاہئیں)

پانچ روپے کی ریونیو سٹامپ

نمائندہ کے دستخط: _____

بتاریخ _____ مہینہ _____ 2026

2. گواہ

دستخط:

نام:

پتہ:

شناختی کارڈ نمبر:

1. گواہ

دستخط:

نام:

پتہ:

شناختی کارڈ نمبر:

نوٹ:

نمائندگی فارم (پراکسی فارم)، اور مختار نامہ یا دیگر دستاویز جس کے تحت اس پر دستخط کئے گئے ہوں، ای میل ایڈریس cs@ferozsons-labs.com پر سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے ای میل کے ذریعے بھیجا دیں، بصورت دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور ان کے نمائندوں (پراکسی) سے درخواست ہے کہ نمائندگی فارم (پراکسی فارم) کمپنی کو ای میل کرنے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی لف کریں۔



A L I F E T I M E O F C A R E

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FEROZSONS
LABORATORIES LIMITED