FUTURE INNOVATIVE ENTERPRISE (PVT) LTD

Consolidated Financial Statements
For the year ended
30 June 2023

Amin & Co.
Chartered Accountants

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Amin & Co.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the members of Future Innovative Enterprise Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Future Innovative Enterprise Private Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated and consolidated financial statements and our auditor's reports 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.

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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.

Responsibilities of Management and the 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 accounting and reporting standards as applicable in Pakistan and the 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:

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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.

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 Shaukat Amin Shah.

Amin & Co.
Chartered Accountants
Lahore

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FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 (Rupees)
Assets		
Non-current assets		
Property and Equipments Net	3	900,228,474
Capital Work in progress	4	392,619,501
Long Term Security Deposit	5	12,880,000
Long Term Investments	6	8,683,535,621
		9,989,263,596
Current assets		
Trade and other receivables	7	2,132,608,038
Advances, deposits and prepayments	8	5,846,129,813
Advance Taxes	9	5,365,181,613
Contract asset	10	6,130,007,694
Accrued Income	11	5,153,426
Short term investments	12	6,273,006,272
Cash and Bank Balances	13	3,278,849,886
		29,030,936,742
TOTAL ASSETS		**39,020,200,338**
CAPITAL AND LIABILITIES		
Issued, subscribed and paid up capital		1,880,000,000
Share deposit money	14	850,000,000
Accumulated profits		3,414,948,912
		6,144,948,912
Non-current liability		
Contract Liability	15	10,742,662,123
Payable to Parent Company	15	2,580,520,000
Defered tax liability	16	42,723,592
Provision for Gratuity		14,650,022
		13,380,555,737
Current liabilities		
Short term loan	17	169,806,954
Trade Payable	18	4,232,157,020
Accrued expenses and other Liabilities	19	2,635,194,304
Advance from Customer	20	112,102,093
Current portion of contract liability	15	12,345,435,318
		19,494,695,689
Contingencies and commitments	21	-
TOTAL CAPITAL AND LIABILITIES		**39,020,200,338**

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

Chief Financial Officer

Chief Executive

Director

FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2023

	Note	**2023 (Rupees)**
Sales	22	9,485,924,643
Cost of sales	23	(7,703,159,632)
Gross profit		1,782,765,011
Administrative expense	24	(754,406,890)
Selling and distribution expense	25	(42,253,943)
Operating profit		986,104,178
Other income	26	3,273,930,281
Finance cost	27	(3,781,834)
Profit before taxation		4,256,252,625
Taxation		(841,303,713)
Net profit after taxation		**3,414,948,912**

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

Chief Financial Officer

Chief Executive

Director

FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	2023 (Rupees)
Profit for the year	3,414,948,912
Other comprehensive income for the year	-
Total comprehensive income	**3,414,948,912**

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

Chief Financial Officer   Chief Executive   Director

FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

		2023 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		4,256,252,625
Adjustment for:		
Depreciation		40,789,867
Finance cost		3,781,834
Gratuity		14,650,022
Investment income		(113,535,621)
Cash flow before working capital changes		4,201,938,727
Increase / decrease in current assets & liabilities		
(Increase)/decrease in trade debts and other receivables		(2,132,608,038)
(Increase)/decrease in advances, deposits and prepayments		(5,846,129,813)
(Increase)/decrease in advance tax		(39,759,797)
(Increase)/decrease in contract asset		(6,130,007,694)
Increase/(decrease) Accrued Revenue		(5,153,426)
Increase/(decrease) Short Term Loan		169,806,954
Increase/(decrease) trade and other payables		4,232,157,020
Increase/(decrease) Accrued expenses and other Liabilities		1,221,920,152
Increase/(decrease) Contract liabilities		12,457,537,411
Cash (used in) / generated from operating activities		8,129,701,496
Tax paid		(4,710,727,784)
Finance cost paid		(3,781,834)
Cash (used in) / generated from operating activities		3,415,191,878
CASH FLOW FROM INVESTING ACTIVITIES		
Payments made for acquisition of property, plant and equipment		(941,018,341)
Payment for long term security deposit		(12,880,000)
Payment for Capital work in progress		(392,619,501)
Payment for investments		(8,570,000,000)
Net cash (used) in investing activities		(9,916,517,842)
CASH FLOW FROM FINANCING ACTIVITIES		
Contact liability		10,742,662,123
Share issued for cash		1,880,000,000
Share deposit money		850,000,000
Long term liability		2,580,520,000
Net cash (used) in investing activities		16,053,182,123
Net increase (decrease) in cash and cash equivalents		9,551,856,159
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at the end of the period	Note 13.1	**9,551,856,158**

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

Chief Financial Officer

Chief Executive

Director

FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 June 2023

	Share capital	Un-appropriated profit	Total
	...........Rupees...........		
Balance as at 20 May 2022	-	-	-
Profit for the year	-	3,414,948,912	3,414,948,912
Other comprehensive income for the year	-	-	-
Share issued for cash	1,880,000,000	-	1,880,000,000
Balance as at 30 June 2023	**1,880,000,000**	**3,414,948,912**	**5,294,948,912**

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

Chief Financial Officer

Chief Executive

Director

FUTURE INNOVATIVE ENTERPRISE (PVT) LTD
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND OPERATIONS

Future Innovative (Private) Limited (the Company) was incorporated on May 20, 2022 under the Companies Act, 2017 as a private limited Company.

The registered office of the company is situated at House # 227-C, Street # 75, F-11/1, Islamabad.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

2.2 BASIS OF MEASUREMENT AND PREPARATION

These financial statements have been prepared under the historical cost convention otherwise specifically stated.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees, which is the functional currency of the Company and figures are rounded off to the nearest Rupee.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgments are:

i. Useful life, residual value and depreciation method of property, plant and equipment [note 3]
ii. Revenue from contracts with customers [note 3.10]
iii. Useful lives, residual values and amortization method of intangible assets.[note 3.11]
iv. Impairment loss of non-financial assets other than inventories [note 3.2]
v. Expected credit loss allowance [note 3.3]
vi. Estimation of provisions [note 3.7]
vii. Estimation of current and deferred tax [note 3.5]
viii. Estimation of contingent liabilities [note 3.8]

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.5 The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2022 and that are irrelevant for the Company's financial statements have not been detailed here.

2.6 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

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Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies(effective for annual reporting periods beginning on or after January 1, 2023). The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Amendments to IAS 12 'Income Taxes'-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

Amendment to IAS 16 'Property, plant and equipment' (effective for annual reporting periods beginning on or after January 1, 2022). The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts: Cost of Fulfilling a Contract (effective for annual reporting periods beginning on or after January 1, 2022). The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

On May 14, 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020' (Amendments to IAS 41, IFRS 1, IFRS 9, and IFRS 16)'. The amendments are effective for annual periods beginning on or after 1 January 2022.

Amendment to IFRS 3 'Business Combinations' (effective for annual reporting periods beginning on or after January 1, 2022). The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements.

On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts' The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 1, 2022.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/disclosures.

2.7 Further, the following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

2.8 The following interpretation issued by the IASB has been waived off by SECP.
IFRIC 12 Service concession arrangements

3 SIGNIFICANT ACCOUNTING POLICIES

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

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3.1 PROPERTY, PLANT AND EQUIPMENT

a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. Assets having cost exceeding the minimum threshold as determined by the management are capitalized.

Depreciation is charged to the profit or loss applying the reducing balance method by applying rates (as stated in note 4). Full month's depreciation is charged on additions during the month, while no depreciation is charged on assets disposed off during the month.

No depreciation is charged if the asset's residual value exceeds its carrying amount. Residual values and the useful lives are reviewed at each date of statement of financial position and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

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

The carrying values of property, plant and equipment are reviewed at each reporting date for indications that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell or value in use.

Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalized, when it is probable that future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit or loss.

b) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

3.2 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets other than inventories, 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 or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "Cash-Generating Unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods is 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 the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are classified as financial assets at amortized cost.

Trade debts are initially recognised at original invoice amount which is the fair value of the consideration to be received and subsequently measured at cost less allowance for expected credit loss. For measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses. IFRS 9 introduces the Expected Credit Loss (ECL) model which requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. Debts considered irrecoverable are written off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.

3.4 ADVANCES, DEPOSITS AND PREPAYMENTS

These are recognized at cost, which is the fair value of the consideration given.

3.5 TAXATION

CURRENT TAX

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

DEFERRED TAX

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each date of statement of financial position and is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each date of statement of financial position and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

3.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and bank balances.

3.7 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.8 CONTINGENT LIABILITIES

Contingent liability is disclosed when:

i. there is a possible obligation that arises from past events and its 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

ii. 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.

3.9 TRADE AND OTHER PAYABLES

Liabilities for trade and other payables are carried at their amortized cost, which is approximately the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.10 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

3.11 INTANGIBLE ASSETS

Intangible Assets acquired are initially recorded at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Cost associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, cost that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of intangible asset.

Amortization is charged so as to allocate the cost of assets over their estimated useful life, using the straight-line method.

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.12 FINANCE COST

Finance cost comprises of bank charges and commissions.

3.13 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated in Pakistani rupees (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani rupees at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.14 FINANCIAL INSTRUMENTS

3.16.1. FINANCIAL ASSETS

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow that are characteristics of the financial asset.

a) Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows, selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently re-measured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss.

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Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.16.2. FINANCIAL LIABILITIES

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

3.15 OFF SETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

3 Property, plant and equipment

Particulars	COST				Rate (%)	Accumulated depreciation			W.D.V. as at As at June 30,2023
	As at July 01, 2022	Addition	Deletion	As at As at June 30,2023		As at July 01, 2022	Charge for the period	As at As at June 30,2023	
	................Rupees...........					.........Rupees...........			
Land	-	169,806,954	-	**169,806,954**	0%	-	-	-	**169,806,954**
Plant, Machinery and Equipments	-	454,337,849	-	**454,337,849**	10%	-	14,447,682	**14,447,682**	**439,890,167**
Office Building	-	21,416,796	-	**21,416,796**	5%	-	469,387	**469,387**	**20,947,409**
Furniture and Fixture	-	30,969,680	-	**30,969,680**	20%	-	2,600,099	**2,600,099**	**28,369,581**
Electric Equipments	-	6,976,787	-	**6,976,787**	20%	-	394,902	**394,902**	**6,581,885**
Computer Equipments	-	30,940,122	-	**30,940,122**	33%	-	4,972,930	**4,972,930**	**25,967,192**
Motor Vehicle	-	197,442,557	-	**197,442,557**	20%	-	16,237,138	**16,237,138**	**181,205,419**
Building Improvements	-	1,510,919	-	**1,510,919**	10%	-	22,641	**22,641**	**1,488,278**
Lab and Testing Equipments	-	17,600,122	-	**17,600,122**	10%	-	1,114,578	**1,114,578**	**16,485,544**
HVAC Plant	-	10,016,555	-	**10,016,555**	10%	-	530,510	**530,510**	**9,486,045**
Total	**-**	**941,018,341**	**-**	**941,018,341**		**-**	**40,789,867**	**40,789,867**	**900,228,474**

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			2023 (Rupees)
4	**Capital work in progress**		
	Building	4.1	392,619,501
			392,619,501

4.1 The Movement of capital work in progress as follows:

Balance at the beginning of the year	59,942,472
Capital expenditure incurred during the year	343,912,029
Transfer to operating fixed assets during the year	(11,235,000)
Balance at the end of the year	**392,619,501**

5	**Long term security deposit**		
	Deposit for PSO fleet card		7,210,000
	Deposits		5,670,000
			12,880,000
6	**Long term investments**		
	NBP government securities plan-II	6.1	6,113,535,621
	Investment with associates		2,570,000,000
			8,683,535,621

6.1 This represents invested in NBP government securities plan-II for 1.5 years which carries profit @ 22.51% per annum.

7	**Trade and other receivables**		
	Trade receivables		1,691,735,315
	Other receivables	7.1	440,872,723
			2,132,608,038
7.1	Receivables from parent company		432,199,250
	Advances to suppliers		2,344,263
	Other receiveable		2,215,512
	Accrued profit from bank		4,113,698
			440,872,723
8	**Advances, deposits and prepayments**		
	Advances to related party for expeses		21,303,543
	Advances to suppliers and vendors		5,729,330,290
	Advances to employees		56,728,926
	Prepaid insurance		6,964,795
	Prepaid expenses		4,239,259
	Prepaid rent		27,563,000
			5,846,129,813

			2023 (Rupees)
9	**Advance taxes**		
	Advance sale tax		4,010,941,217
	Capital Gain tax		2,911,294
	Advance income tax		1,351,329,102
			5,365,181,613
10	**Contract assets**		
	Contract assets - KSA		6,130,007,694
			6,130,007,694
11	**Accrued income**		
	Profit on NBP funds investment		5,153,426
			5,153,426
12	**Short term investments**		
	NBP government securities plan-III		2,637,293,946
	UBL fixed return plan-I		2,058,062,925
	UBL funds investment		1,000,000,000
	NBP- money market fund		577,649,401
			6,273,006,272
13	**Cash and bank balances**		
	Current accounts		27,473,398
	Saving accounts		3,250,883,837
	Cash in hand		492,651
			3,278,849,886
13.1	Cash and cash equivalents		
	Cash and bank balance		3,278,849,886
	Short term investments		6,273,006,272
	Cash and cash equivalents as per statement of cash flows		**9,551,856,158**
14	**Share deposit money**		
	Share deposit money		850,000,000
			850,000,000
15	**Long term liabilities**		
	Payable to parent company		2,580,520,000
	Advance from ministry of defense		23,088,097,441
			25,668,617,441
	Current portion of contract liability	15.1	12,345,435,318
			13,323,182,123

15.1 This amount represents 33% advance payment for the supply of finished goods from ministry of defense during the period.

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		2023 (Rupees)
16	**Defered tax liability**	
	Defered tax liability-HBI	49,883,286
	Defered tax asset-FIE	(7,159,694)
		42,723,592
17	**Short term loan**	
	Loan from associated undertaking for land purchase	169,806,954
		169,806,954
18	**Trade and other payables**	
	Creditors	442,007,398
	Payable to associated undertaking	12,277,272
	Withholding income tax payable	30,121,159
	Payable to parent / subsidery company	233,368,034
	Accrued expenses	45,417,178
	Worker welfare fund	84,881,511
	Worker profit participation fund	55,347,274
	Payable - service charges	6,348,593
	Payable to associated undertaking	775,301,689
	Retention money payable	11,336,334
	Payable to FIE	4,420,000
	Payable - inventory	2,521,330,578
	Life cycle support	10,000,000
		4,232,157,020
19	**Accrued expenses and other Liabilities**	
	Income tax provision	1,202,570,458
	Sales tax provision	614,891,606
	Withholding tax payables	3,564,553
	Provision for employee benefit	3,961,900
	Provision for EOBI contribution	65,600
	Provision for incentive - employees	65,688,572
	Provision for auditor remuneration	1,040,000
	Associate undertaking	52,396,727
	Provision of accrued liabilities	688,499,248
	Miscellaneous	2,515,640
		2,635,194,304
20	**Advance from customer**	
	Advance from customer	112,102,093
		112,102,093

21 Contingencies and commitments

21.1 Contingencies :

There were no contingencies at the end of period.

21.2 United Bank Limited has issued guarantee to customer amounting to Rupees 1,844,224,400/- in favour of Harobanx Industries Private Limited.

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			2023 (Rupees)
22	**Sales**		
	Export		3,750,021,132
	Domestic		5,735,903,511
			9,485,924,643
23	**Cost of sales**		
	Opening stock of finished goods		
	Cost of goods manufactured	23.1	7,703,159,632
			7,703,159,632
	Closing of finished goods		-
			7,703,159,632
23.1	**Cost of goods manufactured**		
	Raw material consumed		5,214,217,281
	Outsource cost		795,013,100
	Salaries, wages and benefits		876,447,101
	Gratuity expense		10,724,126
	Depreciation		16,500,375
	Utility expenses		12,377,855
	Store and spares consumed		66,248,098
	Repair and maintenance expense		908,604
	Traveling expenses		1,881,934
	Life cycle support		164,911,041
	Other manufacturing expenses		543,930,117
			7,703,159,632
24	**General and administrative expenses**		
	Salaries, wages and benefits		429,950,296
	Gratuity expense		11,645,010
	Worker welfare fund		84,947,110
	Worker profit participation fund		55,347,274
	Repair and maintenance expense		5,212,884
	ERP - O&M		97,020
	Travelling expense		15,020,269
	Employee recruitment expenses		715,616
	Fuel expense		10,912,690
	Postage and courier expense		7,679
	Pre-incorporation expenses		10,526,040
	Services charges		6,348,593
	Advertisement expense		567,930
	Depreciation expense		18,546,053
	Entertainment expense		1,344,858
	Printing and stationary expense		3,911,351
	Information technology expenses		1,254,054
	Utility expense		2,001,730
	Consultancy charges		7,903,975
	Office rent expense		11,748,084
	Generator rent expense		420,000
	Horticultural expense		1,338,400
	Commission expenses		386,762
	Management fees		10,000,000
	Fee and subscription		8,131,392
	Miscellaneous expense		56,121,820
			754,406,890

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		2023 (Rupees)
25	**Selling and marketing expenses**	
	Salaries, wages and benefits	9,960,596
	Travelling expense	2,111,142
	Advertisement expenses	1,896,838
	Exhibition expense	27,046,235
	Website & business development	1,239,132
		42,253,943
26	**Other income**	
	Profit on bank balances	1,374,579,997
	Profit on TDR investments	769,038,253
	Profit on mutual funds	490,810,700
	Profit on NBP money market fund	639,501,331
		3,273,930,281
27	**Financial charges**	
	Bank charges and commission	3,781,834
		3,781,834
28	**Taxation**	
	Tax for the year	
	Future innovative enterprise	(7,159,694)
	Harobanx industries	848,463,407
	Qaswa industries	-
	stingray technologies	-
		841,303,713

29 Date of authorisation for issue

These financial statements were authorized for issue by the board of directors on 21 AUG 2023

30 General

Corresponding figures have been re-arranged or reclassified whenever necessary, for the purpose of comparison.

Chief Financial Officer

Chief Executive

Director