QASWA INDUSTRIES (PVT) LTD

Financial Statements
For the year ended
30 June 2023

Amin & Co.
Chartered Accountants

Amin & Co.
CHARTERED ACCOUNTANTS

Room # 20, 2nd Floor,
Sadiq Plaza, The Mall, Lahore
Tel: 042-36371674-5
Fax: 042-36372049
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The Board of Directors
Qaswa Industries Private Limited
Haripur

18 August 2023
CA: Q-5

Gentlemen

FINANCIAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

1. We are enclosing five copies of the above financial statements along with our report initialed by us. We shall be glad to sign our report after:

(i) the financial statements have been approved and signed by the Directors;

(ii) We have received management representation letter on the lines of the draft provided to Chief executive officer of the company.

(iii) Providing legal confirmation

2. We wish to place on record our appreciation for the courtesy and cooperation extended to us by the entity's personnel during the course of audit.

Sincerely

Shaukat Amin Shah

Amin & Co.
CHARTERED ACCOUNTANTS

Room # 20, 2nd Floor,
Sadiq Plaza, The Mall, Lahore
Tel: 042-36371674-5
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INDEPENDENT AUDITOR'S REPORT

To the members of Qaswa Industries (Pvt) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Qaswa Industries (Pvt) Limited, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2023 and of the profit and 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 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 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.

Amin

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

Management is responsible for the other information. The Other Information comprises the information included in the Director's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially inconsistent with the 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 Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Board of directors are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 auditor's report to the related disclosures in the 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.

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

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.

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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1908).

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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QASWA INDUSTRIES (PVT) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 (Rupees)
ASSETS		
Non current assets		
Property plant and equipment	4	254,273,721
Capital work in progress	5	325,421,496
		579,695,217
Current assets		
Trade receivables	6	429,820,735
Advances	7	96,936,450
Advance taxes	8	20,402,458
Contract assets	9	2,100,346,820
Accrued income	10	5,153,426
Short term investment	11	1,987,168,364
Cash & bank balances	12	1,414,097,927
		6,053,926,180
TOTAL ASSETS		**6,633,621,397**
CAPITAL AND LIABILITIES		
Share capital and reserves		
Authorised capital		
10,000,000 ordinary shares of Rs. 100 each	13.1	1,000,000,000
Issued, subscribed and paid up capital		
6,500,000 ordinary shares of Rs. 100 each	13.2	650,000,000
Share deposit money	14	850,000,000
Un appropriated profit		983,309,405
		2,483,309,405
Current liabilities		
Short term loan	15	169,806,954
Provisions	16	471,540,810
Trade and other payables	17	3,396,862,134
Advance from customer	18	112,102,093
		4,150,311,991
Contingencies and commitments	19	-
TOTAL CAPITAL AND LIABILITIES		**6,633,621,397**

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

Chief Financial Officer

Chief Executive

Director

QASWA INDUSTRIES (PVT) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2023

	Note	2023 (Rupees)
Sales	20	4,650,021,132
Cost of goods sold	21	3,582,300,574
Gross profit		1,067,720,558
Administrative and general expenses	22	157,720,223
Selling and distribution expenses	23	12,796,488
		170,516,711
Operating profit		897,203,847
Other income	24	86,109,530
Finance cost	25	3,972
Profit before taxation		983,309,405
Taxation	26	-
Net profit after taxation		**983,309,405**

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

Chief Financial Officer

Chief Executive

Director

QASWA INDUSTRIES (PVT.) LIMITED.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	2023 (Rupees)
Profit for the year	983,309,405
Other comprehensive income for the year	-
Total comprehensive income	**983,309,405**

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

Chief Financial Officer

Chief Executive

Director

QASWA INDUSTRIES (PVT) LIMITED
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUNE 2023

		2023 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		983,309,405
Adjustment for:		
Depreciation		11,420,377
Finance cost		3,972
Cash flow before working capital changes		994,733,754
Increase / decrease in current assets & liabilities		
(Increase)/decrease in trade receivables		(429,820,735)
(Increase)/decrease in advances		(96,936,450)
(Increase)/decrease in advances taxes		(20,402,458)
(Increase)/decrease in contract assets		(2,100,346,820)
(Increase)/decrease in accrued income		(5,153,426)
Increase/(decrease) in short term loan		169,806,954
Increase/(decrease) in provisions		471,540,810
Increase/(decrease) in trade and other payables		3,396,862,134
Increase/(decrease) in advance from customer		112,102,093
		1,497,652,103
Cash generated from operations		2,492,385,857
Finance cost paid		(3,972)
Cash (used in) / generated from operating activities		2,492,381,885
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(265,694,098)
Capital work in progress		(325,421,496)
Net cash (used) in investing activities		(591,115,594)
CASH FLOW FROM FINANCING ACTIVITIES		
Shares issued for cash		650,000,000
Share deposit money		850,000,000
Net cash generated from financing activities		1,500,000,000
Net increase (decrease) in cash and cash equivalents		3,401,266,291
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at the end of the period	Note (12.2)	**3,401,266,291**

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

Chief Financial Officer | Chief Executive | Director

QASWA INDUSTRIES (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023

	Share Capital	Unappropriated Profit	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as at 1 July 2022	-	-	-
Issue of ordinary shares	650,000,000		650,000,000
Other comprehensive income	-	-	-
Net profit for the period	-	983,309,405	983,309,405
Balance as at 30 June 2023	**650,000,000**	**983,309,405**	**1,633,309,405**

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

Chief Financial Officer

Chief Executive

Director

QASWA INDUSTRIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 LEGAL STATUS AND OPERATIONS

Qaswa Industries (Private) Limited (the Company) was incorporated on June 29, 2022 under the Companies Act, 2017 as a private limited Company.

The principal line of business of the company shall be to establish and run data processing centers, computer centers, software development centers, offices and to provide consultancy and data processing software development services, both application packages and operating systems and other services, and to impart training of electronic data processing, computer software and hardware to customers and others and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to permission of relevant authorities.

The company is a subsidiary of Future Innovative Enterprises (Private Limited), an unlisted company incorporated in Pakistan.

The registered office of the company is situated at Plot no 56,57,58 Special Ecnomic Zone Hattar Industrial Estate, Dhorian Chok Hattar Haripur

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 recognised 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 3.12]
iii. Useful lives, residual values and amortization method of intangible assets.[note 3.13]
iii. Provision for slow moving stores and spares [note 3.2]
iv. Provision for impairment of inventories [note 3.3]
v. Impairment loss of non-financial assets other than inventories [note 3.4]

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vi. Expected credit loss allowance [note 3.5]
vii. Estimation of provisions [note 3.9]
viii. Estimation of current and deferred tax [note 3.7]
ix. Estimation of contingent liabilities [note 3.10]

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.

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.

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 STORES, SPARES AND LOOSE TOOLS

These are stated at lower of cost and net realizable value. Cost is determined using the Weighted Average method.

For items which are slow moving, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

3.3 INVENTORIES

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Inventories are valued at the lower of cost and estimated net realizable value.

Cost is determined as follows:

Stages of inventories	**Basis of valuation**
Raw materials	Weighted Average-basis
Work in process and finished goods	Cost of direct materials, labour and appropriate portion of production overheads

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred to make the sale.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, these are written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.4 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.

3.5 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.

3.6 ADVANCES, DEPOSITS AND PREPAYMENTS

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

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 REVENUE RECOGNITION

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods and services are: (i) distinct — to be accounted for as separate performance obligations; (ii) not distinct — to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognized over time or at a point in time. Where the Company recognizes revenue over time this is due to any of the following benefits provided over the life of the contract, (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the Company's performance creates an asset with no alternative use, and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. The Company applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Company to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

For each of its contracts,the Company considers whether it is a principal or an agent by evaluating the nature of its promise to the customer. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, as management believes this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

3.12.1 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

3.12.2 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

3.13 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.

3.14 FINANCE COST

Finance cost comprises of bank charges and commissions.

3.15 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.

3.16 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.

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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.

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.

3.17 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.

2023

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Particulars	Cost			Rate %	Depreciation			Value as on 30 June 2023
	As on 1 July 2022	Additions/ (deletions)	As on 30 June 2023		As on 1 July 2022	For the year (Adjustment)	As on 30 June 2023	
Land	-	169,806,954	169,806,954	-	-	-	-	169,806,954
Plant & machinery	-	20,461,293	20,461,293	10	-	1,484,427	1,484,427	18,976,866
Vehicle	-	54,239,740	54,239,740	20	-	5,599,627	5,599,627	48,640,113
IT equipment	-	16,825,326	16,825,326	33	-	3,724,159	3,724,159	13,101,167
Furniture & appliances	-	4,360,785	4,360,785	20	-	612,164	612,164	3,748,621
	-	**265,694,098**	**265,694,098**		**-**	**11,420,377**	11,420,377	254,273,721

Depreciation for the year has been allocated as follows

Cost of goods sold	1,484,427	13%
Administrative expense	9,935,950	87%
Total	**11,420,377**	

		2023 (Rupees)
5	**Capital work in progress**	
	Building	325,421,496
		325,421,496
5.1	**The movement in capital work in progress is as follows:**	
	Taken over from parent Co.	59,942,472
	Capital expenditure incurred during the year	265,479,024
	Balance at the end of year	**325,421,496**
6	**Trade recievables**	
	GIDS	429,820,735
		429,820,735
6.1	The company is confident that above recieveables will be fuly received, so no provision is recorded by company during the year	
6.2	**Aging analysis of trade recievables**	
	Not Over Due	-
	Past Due 01 - 30 days	
	Past Due 31 - 60 days	
	Past Due 61 - 90 days	
	Past Due 91 - 365 days	429,820,735
	Past Due over 365 days	
		429,820,735
7	**Advances**	
	Advances to employees	5,630,425
	Advances to suppliers	90,651,025
	Prepaid rent	655,000
		96,936,450
8	**Advance taxes**	
	Advance income tax	12,363,416
	Advance Sales tax	8,039,042
		20,402,458
9	**Contract asset**	
	Contract asset (KSA)	2,100,346,820
		2,100,346,820
10	**Accrued income**	
	Profit on UBL funds investment	5,153,426
		5,153,426
11	**Short term investment**	
	NBP funds investment cash plan II	987,168,364
	UBL funds investment	1,000,000,000
		1,987,168,364

			2023 (Rupees)
12	**Cash & bank balances**		
	Cash in hand		6,905
	Cash at bank:		
	Current account		-
	Saving account	12.1	1,414,091,022
			1,414,097,927
12.1	Saving account carried markup @ from 12.5% to 19.5% per annum		
12.2	**Cash and cash equivalents**		
	Cash and bank balance		1,414,097,927
	Short term investments		1,987,168,364
			3,401,266,291
13	**Share capital & reserves**		
13.1	**Authorised share capital**		
	10,000,000 ordinary shares of Rs. 100 each		1,000,000,000
13.2	**Issued, suscribed and paid up capital**		
	6,500,000 ordinary shares of Rs. 100 each		650,000,000
	Reconciliation of numbers of shares outstanding		
	Ordinary shares		
	No of shares outstanding at the beginning of the year		-
	Issued for cash		6,500,000
	Issued for consideration other than cash		-
	No of shares outstanding at the end of the year		**6,500,000**
14	**Share deposit money**		
	Cash transferred from associated undertaking		850,000,000
			850,000,000
15	**Short term loan**		
	Loan from associated undertaking for land purchase		169,806,954
			169,806,954
16	**Provisions**		
	Provisions for employee funds		1,601,900
	Provisions - expense		403,990,338
	Provision to incentivization- employees		65,688,572
	Provision for auditor remuneration		260,000
			471,540,810
17	**Trade and other payables**		
	Payable - service charges		6,348,593
	Workers welfare fund		19,988,261
	Workers profit participation fund		45,859,407
	Payable - utilities		12,277,272
	Payable to associated undertaking		775,301,689
	Payable -retention money		11,336,334
	Payable to FIE		4,420,000
	Payable - inventory		2,521,330,578
			3,396,862,134
18	**Advance from customer**		
	Advance from customer		112,102,093
			112,102,093
19	**Contingencies and commitments**		

There were no contingencies at the end of period.

			2023 (Rupees)
20	**Sales:**		
	Exports		3,750,021,132
	Domestic		900,000,000
	Less:		
	Sales tax		-
			4,650,021,132
20.1	**Exports sales**		
i	GIDS contract on the basis of invoice no CU091-20-305-00-02		1,649,674,312
ii	GIDS contract to KSA USD 6,197,494/-		1,772,483,284
iii	GIDS contract to KSA USD 1,146,376/-		327,863,536
			3,750,021,132
20.2	**Domestic sales**		
	Domestic sales		900,000,000
			900,000,000
21	**Cost of goods sold**		
	Raw material consumed		2,521,330,578
	Salaries and wages		640,530,626
	Depreciation		1,484,427
	Utility bills		12,377,855
	R/M vehicle		66,700
	Travelling expense		1,881,934
	Freight/carriage		638,116
	LCS expenses		403,990,338
			3,582,300,574
21.1	**Raw material consumed**		
	Material opening stock		-
	Purchased during the period		2,521,330,578
	Material closing stock		-
			2,521,330,578
22	**Administrative expenses**		
	Slaraies,wages and benefits		64,932,728
	Pre incorporation expenses		4,413,095
	Depreciation		9,935,950
	Services charges		6,348,593
	Rent		1,460,000
	Insurance		706,099
	Professional / consultacy fee		1,569,304
	Misc expenses		644,886
	Gratuity expense		1,601,900
	Workers welfare fund		19,988,261
	Workers profit participation fund		45,859,407
	Auditor remuneration	**22.1**	260,000
			157,720,223

	2023 (Rupees)
22.1 Auditors' remuneration:	
Audit services	
Audit fee	230,000
Out of pocket expenses	30,000
	260,000
Non-audit services	
Certifications for regulatory purposes	-
Tax advisory services	-
	-
	260,000
23 Selling and distribution Expense	
Salaries, wages and benefits	9,960,596
Advertisement expense	533,142
Promotional/ exhibition expense	2,302,750
Miscllenеous expenses	-
	12,796,488
24 Other income	
Bank account profit	37,228,618
UBL funds investment profit	5,153,426
NBP funds investment profit	43,727,487
	86,109,530
25 Finance cost	
Bank charges	3,972
	3,972
26 Taxation	
Tax for the year	-
	-

No provision for taxation has been made owing to the Company's entitlement to claim 100% tax credit under the Income tax ordinance 2001 as a startup as defined in section 2 sub section 62A of the ordinance.

27 Date of authorisation for issue

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

28 General

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

Chief Financial Officer | Chief Executive | Director