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AUDITORS' REPORT TO THE FINANCIAL STATEMENTS OF

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED

FOR THE YEAR ENDED 30 JUNE 2023

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Global Packaging Films (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Global Packaging Films (Private) Limited** (the Company), which comprise the statement of financial position as at **June 30, 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, 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 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 June 30, 2023 and of the loss 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 (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 Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' 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.

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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.

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.

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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 Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shaikh Ahmed Salman**.

Chartered Accountants

Place: Karachi

UDIN Number: AR202310076LpDoltEsd

Date: 3 October 2023

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	8,009,938,369	1,861,393,443
		8,009,938,369	1,861,393,443
CURRENT ASSETS			
Consumables		54,557	-
Trade deposits	6	2,344,830	1,334,830
Advances and other receivables	7	145,565,709	1,531,026
Sales tax refundable		120,268,450	1,619,919
Taxation - net		1,901,312	130,280
Cash and bank balances	8	11,416,113	20,647,385
		281,550,971	25,263,440
TOTAL ASSETS		8,291,489,340	1,886,656,883
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
650,000,000 (2022: 100,000,000) ordinary share of Rs. 10/- each		6,500,000,000	1,000,000,000
Issued, subscribed and paid-up capital			
609,445,000 (2022: 100,000,000) ordinary shares of Rs. 10/- each	9	6,094,450,000	1,000,000,000
Revenue reserve			
Accumulated losses		(260,125,405)	(8,845,790)
		5,834,324,595	991,154,210
Advance against future issue of shares	10	244,599,727	111,921,494
NON CURRENT LIABILITIES			
Deferred staff benefit liability	11	1,273,891	-
Long term financing	12	1,038,035,815	569,198,691
Deferred income	13	585,859,352	205,598,872
		1,625,169,058	774,797,563
CURRENT LIABILITIES			
Trade and other payables	14	514,273,862	5,707,098
Current portion of long term financing	12	58,025,478	-
Current portion of deferred income	13	15,096,620	3,076,518
		587,395,960	8,783,616
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		8,291,489,340	1,886,656,883

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Administrative expenses	16	**(40,664,701)**	(4,451,410)
Other income	17	**376,148**	361,919
Exchange loss - net		**(208,651,384)**	-
Finance costs	18	**(2,339,678)**	(560,947)
Loss before taxation		**(251,279,615)**	(4,650,438)
Taxation		-	(1,216,652)
Net loss for the year		**(251,279,615)**	(5,867,090)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(251,279,615)**	(5,867,090)

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Revenue reserve Accumulated losses	Advance against issuance of shares	Total equity
	----	----	Rupees ----	----
Balance as at June 30, 2021	500,000,020	(2,978,700)	39,685	497,061,005
Advance received during the year	-	-	611,881,789	611,881,789
Issuance of 49,999,998 ordinary shares at Rs. 10/- each fully paid in cash	499,999,980	-	(499,999,980)	-
Net loss for the year	-	(5,867,090)	-	(5,867,090)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(5,867,090)	-	(5,867,090)
Balance as at June 30, 2022	**1,000,000,000**	**(8,845,790)**	**111,921,494**	**1,103,075,704**
Advance received during the year	-	-	**5,227,128,233**	**5,227,128,233**
Issuance of 509,445,000 ordinary shares at Rs. 10/- each fully paid in cash	**5,094,450,000**	-	**(5,094,450,000)**	-
Net loss for the year	-	**(251,279,615)**	-	**(251,279,615)**
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	**(251,279,615)**	-	**(251,279,615)**
Balance as at June 30, 2023	**6,094,450,000**	**(260,125,405)**	**244,599,727**	**6,078,924,322**

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(251,279,615)	(4,650,438)
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets	5.1	76,667	-
Amortisation of deferred income	13	-	(107,362)
Unrealized exchange loss		11,164,813	-
Profit on saving accounts		(376,148)	(254,557)
Finance costs		2,339,678	560,947
		13,205,010	199,028
Working capital changes			
Increase in current assets			
Consumables		(54,557)	-
Trade deposits		(1,010,000)	(1,334,830)
Advances and other receivables		(144,034,683)	(1,531,026)
Sales tax refundable		(118,648,531)	(1,389,237)
		(263,747,771)	(4,255,093)
Increase in current liabilities			
Trade and other payables		497,401,951	5,525,916
Cash used in operations		(4,420,425)	(3,180,587)
Taxes paid		(1,771,032)	(38,184)
Finance costs paid		(2,339,678)	(287,222)
Net cash used in operating activities		(8,531,135)	(3,505,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,048,091,348)	(1,394,833,498)
Profit on saving accounts		376,148	254,557
Net cash used in investing activities		(6,047,715,200)	(1,394,578,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against future issue of shares		5,227,128,233	611,881,789
Long-term financing obtained		819,886,830	754,616,170
Net cash generated from financing activities		6,047,015,063	1,366,497,959
Net decrease in cash and cash equivalents		(9,231,272)	(31,586,975)
Cash and cash equivalents at the beginning of the year		20,647,385	52,234,360
Cash and cash equivalents at the end of the year		11,416,113	20,647,385

The annexed notes from 1 to 21 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

GLOBAL PACKAGING FILMS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

Global Packaging Films (Private) Limited (the Company) is incorporated in Pakistan as a Private Limited Company under the Companies Act, 2017 on January 15, 2021. The registered office of the Company is situated at Plot # 40-L-1, P.E.C.H.S, Block 6, Karachi. The Company will be principally engaged in the manufacturing and sale of flexible packaging materials mainly comprising of BOPP (Biaxially oriented polypropylene) film and allied products of BOPP films packaging.

The Company is the wholly owned subsidiary of International Packaging Films Limited (the Parent Company), holding 609,445,000 ordinary shares (100.00%) of Rs. 10 each as of the reporting date.

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

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

2.2 Basis of measurement

These financial statements have been prepared on historical cost convention unless otherwise specifically stated.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

3 AMENDMENTS AND IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS

3.1 Adoption of amendments and improvements to approved accounting standards effective during the year

The Company has adopted the following amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of above amendments and improvements to the approved accounting standards did not have any material impact on the Company's financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, interpretations and amendments with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standard or Interpretation		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criterias are satisfied.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criterias for a provision are met.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to statement of profit or loss using straight line method to the financial statements. Depreciation on additions is charged from the date on which the asset is available to use till the date on which asset is disposed off.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and method of depreciation are revised, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

4.2 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

4.3 Stores, spares and consumables

These are stated at weighted average cost less provision against slow-moving items, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over net realizable value. Provision is made for obsolete and slow moving items where necessary and is recognised in the statement of profit or loss.

4.4 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using weighted average method. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Cost comprises all costs of purchase and other cost incurred in bringing the inventories to their present location and condition.

Stock-in-transit is valued at cost comprising invoice price and charges thereto up to the reporting date.

Provision for obsolescence is made where necessary and recognised in statement of profit or loss.

4.5 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less expected credit loss, if any. Bad debts are written-off when identified and charged to statement of profit or loss.

4.6 Advances, trade deposits and short-term prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition assessment is made at each reporting date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

4.7 Cash and cash equivalents

Cash and cash equivalents are stated at cost and are defined as cash in hand, cash at banks and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents comprise of bank balances only.

4.8 Taxation

Current

Provision for current taxation is based on taxable income at current rate of taxation after taking into account tax credits and tax rebates available, if any, in accordance with provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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 the 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.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in the other comprehensive income is recognised in the other comprehensive income and not in statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Company.

4.10 Provisions

Provisions are recognised 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 at each reporting date and adjusted to reflect the current best estimate.

4.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.11.1 Financial assets

a) Initial recognition and measurement

The financial assets of the Company include deposits, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to the statement of profit or loss.

c) **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4.11.2 **Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4.11.3 **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

a) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

c) **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised.

Revenue from sale of goods is recognised at a point in time when or as control of goods have been transferred to a customer i.e. when the performance obligations are met.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

A contract asset is initially recognised for revenue earned in exchange for goods that the Company has transferred to the customer when the right is conditioned on something other than the passage of time. Upon satisfaction of the condition, the amount recognised as contract asset is reclassified to trade receivables. Contract assets are subject to impairment assessment, if any.

Others

- Profit on bank accounts is recognised on effective interest rate method.
- Other revenues are accounted when performance obligations are met.

4.14 Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange differences on foreign currency translations are taken to the statement of profit or loss.

4.15 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to income, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed out.

4.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4.17 **Contract liabilities**

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

4.18 **Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive 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 obligation cannot be measured with sufficient reliability.

4.19 **Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.20 **Sales tax**

Revenues, expenses and assets are recognised, net of the amount of sales tax except:

- where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- when receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

4.21 **Staff retirement benefit - defined benefit plan (gratuity scheme)**

The Company operates defined benefit plan i.e. unapproved and unfunded gratuity schemes for its employees. The gratuity scheme has been introduced from the date of incorporation January 15, 2021. Provisions are made in these financial statements in accordance with actuarial valuation carried out annually using the Projected Unit Credit method. The latest valuation was carried out as at June 30, 2023. The benefit is payable on completion of prescribed qualifying period of the service.

Re-measurement gains and losses on defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such re-measurement gains and losses are also immediately recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment of curtailment occurs and when the Company has recognised related restructuring or termination.

4.22 **Significant accounting judgements, estimates and assumptions**

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

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,223,333	-
Capital work-in-progress	5.2	8,007,715,036	1,861,393,443
		8,009,938,369	1,861,393,443

5.1 Operating fixed assets

	Cost				Accumulated Depreciation				Net Book Value
	As at July 01, 2022	Additions / Transfers	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year	Disposals	As at June 30, 2023	As at June 30, 2023
Furniture and Fittings	-	2,300,000	-	2,300,000	-	76,667	-	76,667	2,223,333
2023	-	2,300,000	-	2,300,000	-	76,667	-	76,667	2,223,333
2022	-	-	-	-	-	-	-	-	-

5.2 Capital work-in-progress

	As at July 01, 2022	Additions	Transfers	As at June 30, 2023
	Rupees			
Land	337,467,144	-	-	337,467,144
Building	222,834,202	763,118,300	-	985,952,502
Plant and machinery	1,301,081,017	5,144,291,396	-	6,445,372,413
Electrical equipments	11,080	238,911,897	-	238,922,977
2023	1,861,393,443	6,146,321,593	-	8,007,715,036
2022	443,468,397	1,417,925,046	-	1,861,393,443

5.2.1 The Company is preparing a manufacturing facility and production plant for manufacturing of flexible packaging materials mainly comprising of BOPP (Biaxially oriented polypropylene) film and allied products of BOPP films packaging.

5.2.2 The amount of borrowing costs capitalised by the Company during the year ended June 30, 2023 was Rs 99,256,353 (2022: Rs. 23,091,547). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3 months KIBOR plus 2%, which is the effective interest rate of the local currency loan.

		Note	June 30, 2023	June 30, 2022
6	**TRADE DEPOSITS**		------ Rupees ------	
	Container deposit		1,010,000	-
	Security deposits		1,334,830	1,334,830
			2,344,830	1,334,830
7	**ADVANCES AND OTHER RECEIVABLES**			
	Advances to suppliers		2,345,209	1,531,026
	Margin against letters of credit		143,220,500	-
			145,565,709	3,150,945
8	**CASH AND BANK BALANCES**			
	Cash in hand		48,300	-
	Current accounts		7,634,713	19,614,607
	Saving accounts	8.1	3,733,100	1,032,778
			11,367,813	20,647,385
			11,416,113	20,647,385

8.1 These carry profit at the rates ranging from 6.5% to 10% (2022: 2.92% to 6.84%) per annum.

9 **SHARE CAPITAL**

June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
No. of shares			------ Rupees ------	
		Authorised capital		
650,000,000	100,000,000	Ordinary shares of Rs. 10 each	6,500,000,000	1,000,000,000
		Issued, subscribed and paid-up		
		Ordinary shares of Rs. 10 each,		
609,445,000	100,000,000	fully paid cash	6,094,450,000	1,000,000,000

9.1 As at June 30, 2023, International Packaging Films Limited (the Parent Company), holds 609,445,000 ordinary shares ordinary shares of Rs. 10/- each, aggregating to Rs. 6,094,450,000/- constituting 100.00% of ordinary share capital. The voting rights, board selection, rights of first refusal and block voting are in proportion to the shareholding of the shareholders.

10 **ADVANCE AGAINST ISSUANCE OF ORDINARY SHARES**

This represents amount received from International Packaging Films Limited - the Parent Company, for the issuance of ordinary shares in future.

11 **DEFERRED STAFF BENEFIT LIABILITY**

As mentioned in note 4.21 to these financial statements, the Company operates an unapproved and unfunded gratuity scheme for all its employees. During the year, the Company has carried out valuation under projected credit unit method:

		Note	June 30, 2023	June 30, 2022
			------ Rupees ------	
	Provision for staff gratuity benefit liablity	11.1	1,273,891	-
11.1	**Movement in present value of defined benefit obligations**			
	Balance as at July 01		-	-
	Current service cost		505,126	-
	Past service cost		768,765	-
	Balance as at June 30		1,273,891	-

		June 30, 2023	June 30, 2022
11.2	**Significant actuarial assumptions**		
	- Discount rate used for interest cost	15.75%	-
	- Discount rate used for year end obligation	15.75%	-
	Salary increase used for year end obligation		
	Salary increase FY2023	14.75%	-
	Salary increase FY2024	14.75%	-
	Salary increase FY2025	14.75%	-
	Salary increase FY2026	14.75%	-
	Salary increase FY2027	14.75%	-
	Salary increase FY2028	14.75%	-
	Salary increase FY2029 and onward	14.75%	-
	Mortality rates	SLIC-2001-2005	
	Withdrawal rates	Aged based	-
	Retirement assumption	Age 60	-

11.3 Sensitivity analysis

	June 30, 2023			
	Discount rate		Salary increase	
	+100bps	-100bps	+100bps	-100bps
	Rupees			
Present value of obligations	1,135,822	1,440,378	1,443,772	1,130,582

		June 30, 2023
11.4	**Expected benefit payments for next ten year and beyond**	--- Rupees ---
	FY 2024	162,252
	FY 2025	222,026
	FY 2026	271,860
	FY 2027	315,385
	FY 2028	362,564
	FY 2029	409,284
	FY 2030	456,902
	FY 2031	511,129
	FY 2032	563,958
	FY 2033	631,305
	FY 2034 onwards	298,485,501
	Average duration of defined benefit obligation	12 years

11.5 Risks associated with defined benefit plan

Final salary risk (linked to inflation risk)

The risk that final salary at the time of cessation of service is greater than what assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

Mortality risk
The risk that the actual mortality experience is different than the assumed mortality. This efect is pronounced in schemes where the age and service distribution is on the higher side

Withdrawal risk
The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with age, service and the entitled benefits of the beneficiary

12 LONG-TERM FINANCING - secured	Note	June 30, 2023	June 30, 2022
		---- Rupees ----	
SBP's Temporary Economic Refinance Facility	12.1	1,047,626,392	526,458,190
Less: Current portion		(58,025,478)	-
		989,600,914	526,458,190
SBP's Financing Scheme for Renewable Energy	12.2	48,434,901	42,740,501
Less: Current portion		-	-
		48,434,901	42,740,501
Total		1,038,035,815	569,198,691

12.1 This is with reference to IH&SMEFD Circular No. 02 of 2020 wherein SBP introduced Islamic Temporary Economic Refinance Facility (ITERF) in order to support sustainable economic growth by providing concessionary refinance for setting up of new industrial units. Under this facility, the total amount of financing limit from various commercial banks is Rs 1,500 million, out of which the Company has utilized Rs 1,500 million as at June 30, 2023. The facilities carry interest at rate at 5% (1% SBP Rate +4% spread) payable in 12 - 32 equal quarterly installments starting from May 2024..The loans have tenures of 5 to 10 years. The financing is secured as described below:

The above facility is secured against:
- equity participation by the customer equivalent to 10% of the cost of Diminishing Musharka (DM) Assets;
- registered exclusive hypothecation / Pari Passu charge over plant and machinery;
- equitable mortgage / token mortgage over property;
- personal guarantees of directors; and
- cross corporate guarantee of International Packaging Films Limited (the Parent Company)

12.2 This is with reference to IH&SMEFD Circular No. 10 dated July 26, 2019 and IH&SMEFD Circular No. 12 dated August 21, 2019 wherein SBP has introduced the Islamic Financing Facility for Renewable Energy to promote the use of renewable energy. Under this facility, the total amount of the facility from a commercial bank is Rs. 400 million, out of which the Company has utilized 74.5 million as at June 30, 2022 for installation of solar power system. The facility carry interest rate of 5% for 12 years (inclusive of 2 years grace period) and is repayable in 40 equal quarterly instalments commencing from October 2025 and maturing in June 2034.

The above facility is secured against:

- Equity participation by the customer equivalent to 10% of the cost of Diminishing Musharka (DM) Assets;
- registered exclusive hypothecation charge over DM assets;
- personal guarantees of all the directors; and
- cross corporate guarantee of International Packaging Films Limited (the Parent Company)

13 DEFERRED INCOME	Note	June 30, 2023	June 30, 2022
		---- Rupees ----	
Deferred income	13.1	600,955,972	208,675,390
Less: Current portion of deferred income		(15,096,620)	(3,076,518)
		585,859,352	205,598,872
13.1 As at July 01, 2022		208,675,390	-
Recognised during the year		392,280,582	208,782,752
Amortized during the year	13.2	-	(107,362)
As at June 30, 2023		600,955,972	208,675,390

13.2 This relates to benefit of SBP's Financing Scheme for Renewable Energy only, which is at below-market interest rate. The deferred income is being amortized to statement of profit or loss on a systematic basis over the period during which the related interest expense, which it is intended to compensate, is expensed.

		June 30, 2023	June 30, 2022
14	TRADE AND OTHER PAYABLES	---------- Rupees ----------	
	Creditors	503,199,815	-
	Accrued liabilities	2,036,605	4,931,754
	Other payables	83,797	-
	Withholding tax payable	8,953,645	775,344
		514,273,862	5,707,098

15 CONTINGENCIES AND COMMITMENTS

Contingencies:

As of the reporting date, there is no contingency to report in these financial statements.

	Note	June 30, 2023	June 30, 2022
Commitments:		---------- Rupees ----------	
Outstanding letter of credit		2,153,639,200	3,321,013,610
Commitment against purchase of land		283,453,650	283,453,650
		2,437,092,850	3,604,467,260

		Note	June 30, 2023	June 30, 2022
16	ADMINISTRATIVE EXPENSES			
	Auditor's remuneration	16.1	495,600	300,000
	Legal and professional charges		39,591,745	4,039,060
	Repairs and maintenance		195,000	-
	Depreciation on operating fixed assets	5.1	76,667	-
	Entertainment		34,226	71,800
	Printing, stationery and periodicals		110,794	35,550
	Traveling and conveyance		-	5,000
	Other expenses		160,669	-
			40,664,701	4,451,410
16.1	**Breakup of auditor's remuneration**			
	Audit fee - statutory audit		345,000	300,000
	Other services		150,600	-
			495,600	300,000
17	OTHER INCOME			
	Income from financial assets:			
	Profit on saving accounts		376,148	254,557
	Income from non-financial assets:			
	Amortization of deferred income		-	107,362
			376,148	361,919
18	FINANCE COSTS			
	Mark-up on long-term financing		-	273,725
	Bank charges		2,339,678	287,222
			2,339,678	560,947

19 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of Parent Company, associated companies and key management personnel. Transactions with related parties are carried out in the normal course of business, at agreed terms, approved by Board of Directors of the company. Transactions with related parties are as below:

Name of the related party	Relationship	Transactions during the period	2023	2022
			---------- Rupees ----------	
International Packaging Films Limited	Parent Company	Advance received against issuance of shares	5,227,128,233	611,881,789
		Shares issued	5,094,450,000	499,999,980

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

The Company's senior management oversees the management of these risks and provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2023.

The Board of Directors review and agree policies for managing each of these risks which are summarised below:

20.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk, and other price risk.

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on imports of items of plant and machinery any appreciation in foreign currency has an adverse impact on the Company's operations and cash flows. The Company offsets the said adverse impact by making advance payments when possible.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, on the Company's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities):

	Foreign currency denominated monetary liabilities	
	June 30, 2023	June 30, 2022
	---------- Rupees ----------	
USD	113,134	-
EURO	949,280	-

	Pak Rupees	(Rupees)
	+5%	15,344,409
2023	-5%	15,344,409
	+5%	-
2022	-5%	-

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. As of the reporting date, the Company is not exposed to any interest rate risk.

20.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at reporting date, the Company is not exposed to equity price risk.

20.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. As of the reporting, the Company has not yet commenced commercial production therefore the Company is not exposed to any credit risk other than the that on balances with banks having a short term credit rating of A1+ issued by Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited.

The maximum exposure to credit risk at the reporting date is as follows:

	June 30, 2023	June 30, 2022
	Rupees	
Financial assets:		
Trade deposits	2,344,830	1,334,830
Other receivables	143,220,500	-
Bank balances	11,367,813	20,647,385

20.3 Liquidity risk

Liquidity risk represents the risk that a Company will encounter difficulties in meeting obligations with the financial liabilities. The Company monitors its risk to a shortage of funds by applying risk management policies and maintaining sufficient cash and bank balances and keeping committed credit lines.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2023 and 2022 based on contractual undiscounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
	Rupees				
Long-term financing	-	-	58,025,478	1,038,035,815	1,096,061,293
Trade and other payables	8,953,645	505,320,217	-	-	514,273,862
June 30, 2023	8,953,645	505,320,217	58,025,478	1,038,035,815	1,610,335,155
June 30, 2022	775,344	4,931,754	-	-	5,707,098

20.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows; based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value

20.4.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	June 30, 2023		
	Carrying amount		
	Financial assets	Financial liabilities	Fair value
	------------ Rupees ------------		
Financial assets not measured at fair value			
Trade deposits	2,344,830	-	2,344,830
Other receivables	143,220,500	-	143,220,500
Bank balances	11,367,813	-	11,367,813
Financial liabilities not measured at fair value			
Trade and other payables	-	514,273,862	514,273,862

	June 30, 2022		
	Carrying amount		
	Financial assets	Financial liabilities	Fair value
	------------ Rupees ------------		
Financial assets not measured at fair value			
Trade deposits	1,334,830	-	1,334,830
Bank balances	20,647,385	-	20,647,385
Financial liabilities not measured at fair value			
Trade and other payables	-	5,707,098	5,707,098

20.5 Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimise risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximise shareholders value. The Company calculates its gearing ratio as follows:

	June 30, 2023	June 30, 2022
	-----Rupees	-----
Long term financing	**1,038,035,815**	569,198,691
Bank balances	**(11,416,113)**	(20,647,385)
Net debt	**1,026,619,702**	548,551,306
Shareholders' equity	**6,094,450,000**	1,000,000,000
Advance against future issue of shares	**244,599,727**	111,921,494
	6,339,049,727	1,111,921,494
Total debt and equity	**7,365,669,429**	1,660,472,800
Gearing ratio	**14%**	33%

21 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

21.1 No amount has been paid / payable by the Company on account of remuneration to Chief Executive, Directors and Other Executives for the year.

21.2 During the year, group employees have provided certain services free of cost to the Company.

22 NUMBER OF EMPLOYEES

The total number of employees as at year end was 8 (2022: Nil) and average number of employees during the year were 3 (2022: Nil).

23 DATE OF AUTHORISATION

These financial statements were authorised for issue on 12 SEP 2023 by the Board of Directors of the Company.

24 GENERAL

24.1 Amounts have been rounded off to the nearest Rupee, unless otherwise stated.

24.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, there has been no material reclassification to report.

CHIEF EXECUTIVE

DIRECTOR