BF Biosciences Limited

Interim Financial Statements for the period ended 31 March 2024

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of BF Biosciences Limited

Report on the Audit of the Interim Financial Statements

Opinion

We have audited the annexed interim financial statements of **BF Biosciences Limited** ("the Company"), which comprise the interim statement of financial position as at 31 March 2024, and the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the period then ended, and notes to the interim financial statements, including material accounting policy information 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 the information and according to the explanations given to us, the interim statement of financial position, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and the interim 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 31 March 2024 and of the profit, the comprehensive income, the changes in equity and its cash flows for the period 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 Interim Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Following is the key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1	**Revenue recognition** Refer to notes 6.8, 6.8.1 and 24 to the interim financial statements. The Company recognized net revenue of Rs. 2.92 billion from the sale of goods to domestic as well as foreign customers during the nine months period ended 31 March 2024. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to a risk that revenue is recognized without transferring the control to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls; • Assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded just before and just after the financial period end date to determine whether the revenue had been recognized in the appropriate financial period; • Scanning for any manual journal entries relating to revenue raised during the period which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation; and • Assessing the adequacy of presentation and disclosures related to the revenue as required under the accounting and reporting standards as applicable in Pakistan.

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

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

In preparing the interim 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 Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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 interim financial statements, including the disclosures, and whether the interim 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.

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

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

Other Matter

The figures for the nine months period ended 31 March 2023 in the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity, and notes to and forming part of the financial statements have not been audited, and we do not express an opinion on those.

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 interim statement of financial position, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and the interim 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 period 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 1980).

The engagement partner on the audit resulting in this independent auditor's report is Ahsin Tariq.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 23 July 2024

UDIN: AR202410119SnHxX6TbN

BF Biosciences Limited

Interim Statement of Financial Position

As at 31 March 2024

EQUITY AND LIABILITIES	Note	31 March 2024 Rupees	30 June 2023 Rupees
Share capital and reserves			
Authorized share capital			
400,000,000 (2023: 25,000,000) ordinary shares of Rs. 3 each (2023: Rs. 10 each)		**1,200,000,000**	250,000,000
Issued, subscribed and paid up capital	*7*	**190,000,002**	190,000,000
Unappropriated profit		**2,098,257,231**	1,784,205,491
		2,288,257,233	1,974,205,491
Non-current liabilities			
Long term loan - secured	*8*	**1,698,203,796**	1,772,448,871
Deferred grant	*9*	**462,726,462**	503,733,075
Deferred tax liabilities	*10*	**-**	13,506,163
		2,160,930,258	2,289,688,109
Current liabilities			
Current portion of:			
- Long term loans - *secured*	*8*	**273,629,621**	356,876,438
- Current portion of deferred grant	*9*	**127,225,265**	129,914,074
Trade and other payables	*11*	**708,313,709**	393,275,521
Contract liabilities	*12*	**31,313,314**	5,672,993
Income tax payable - *net*		**30,157,515**	-
Short term borrowings	*13*	**231,073,692**	473,389,542
Mark-up accrued on borrowings		**31,073,835**	43,827,494
		1,432,786,951	1,402,956,062
Contingencies and commitments	*14*		
		5,881,974,442	5,666,849,662

ASSETS	Note	31 March 2024 Rupees	30 June 2023 Rupees
Non-current assets			
Property, plant and equipment	*15*	**4,148,733,703**	4,069,622,490
Long term deposits		**7,827,000**	4,827,000
Intangibles	*16*	**691,806**	1,106,889
Deferred tax assets	*10*	**12,815,418**	-
		4,170,067,927	4,075,556,379
Current assets			
Stores, spare parts and loose tools	*17*	**98,357,307**	83,419,958
Stock in Trade	*18*	**766,421,557**	768,824,311
Trade debts	*19*	**231,394,239**	93,812,070
Loans and advances	*20*	**74,417,120**	14,247,289
Deposits, prepayments and other receivables	*21*	**157,849,118**	90,578,543
Short term investments	*22*	**37,446,668**	147,385,823
Advance Income tax - *net*		**-**	137,582,926
Cash and bank balances	*23*	**346,020,506**	255,442,363
		1,711,906,515	1,591,293,283
		5,881,974,442	5,666,849,662

The annexed notes from 1 to 41 form an integral part of these interim financial statements.

Lahore

Chief Executive Officer | **Chief Financial Officer** | **Director**

BF Biosciences Limited

Interim Statement of Profit or Loss

For the nine months ended 31 March 2024

		Nine months ended	
		Audited	Un-audited
		31 March	31 March
		2024	2023
	Note	**Rupees**	Rupees
Revenue - *net*	*24*	**2,915,513,748**	1,185,300,199
Cost of goods sold	*25*	**(1,653,306,771)**	(901,894,765)
Gross profit		**1,262,206,977**	283,405,434
Administrative expenses	*26*	**(32,446,407)**	(28,307,834)
Selling and distribution expenses	*27*	**(600,677,265)**	(96,361,840)
Other expenses	*28*	**(51,075,105)**	(22,483,708)
Other income	*29*	**25,976,356**	73,317,274
Operating profit		**603,984,556**	209,569,326
Finance cost	*30*	**(114,356,797)**	(87,165,613)
Profit before taxation		**489,627,759**	122,403,713
Taxation	*31*	**(175,576,017)**	(30,739,903)
Profit after taxation		**314,051,742**	91,663,810
			Re-stated
Earning per share - basic and diluted	*32*	**4.96**	1.45

The annexed notes from 1 to 41 form an integral part of these interim financial statements.

Lahore

Chief Executive Officer

Chief Financial Offier

Director

BF Biosciences Limited

Interim Statement of Comprehensive Income

For the nine months ended 31 March 2024

	Nine months ended	
	Audited	Un-audited
	31 March	31 March
	2024	2023
	Rupees	Rupees
Profit after taxation	**314,051,742**	91,663,810
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**314,051,742**	91,663,810

The annexed notes from 1 to 41 form an integral part of these interim financial statements.

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a. K. Waheed.

Lahore **Chief Executive Officer** **Chief Financial Officer** **Director**

BF Biosciences Limited
Interim Statement of Changes in Equity
For the nine months ended 31 March 2024

	Share capital	Capital reserve: Equity portion of convertible loan	Revenue reserve: Unappropriated profit	Total
	---Rupees---			
Balance as at 01 Jul 2022 - *audited*	190,000,000	132,704,377	1,502,448,341	1,825,152,718
Total comprehensive income for the period	-	-	91,663,810	91,663,810
Balance as at 31 March 2023 - *unaudited*	190,000,000	132,704,377	1,594,112,151	1,916,816,528
Balance as at 01 Jul 2023 - *audited*	**190,000,000**	-	**1,784,205,491**	**1,974,205,491**
Total comprehensive income for the period	-	-	314,051,742	314,051,742
Rounding off adjustment in lieu of shares split arrangements	2	-	(2)	-
Balance as at 31 March 2024 - *audited*	**190,000,002**	-	**2,098,257,231**	**2,288,257,233**

The annexed notes from 1 to 41 form an integral part of these interim financial statements.

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Lahore

A. K. Waheed.
Chief Executive Officer

Chief Financial Officer

Director

BF Biosciences Limited

Interim Statement of Cash Flows

For the nine months ended 31 March 2024

	Note	Nine months ended Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
Cash flow from operating activities			
Profit before taxation		489,627,759	122,403,713
Adjustments for non-cash and other items:			
Depreciation on property, plant and equipment	15.1.5	24,908,552	25,212,252
Gain on disposal of property, plant and equipment	29	(2,152,563)	(551,930)
Amortization	26	415,083	368,928
Dividend income	29	(10,914,440)	(59,613,077)
Finance cost	30	114,356,797	87,165,613
(Loss) / Gain on re-measurement of short term investments to fair value	22.1	28,177	(976,613)
Gain realized on sale of short term investments	22.1	(317,789)	(7,948,663)
Profit on bank deposits	29	(5,032,455)	(274,560)
Provision for Workers' Profit Participation Fund	28	26,323,702	7,171,927
Provision for Central Research Fund	28	5,317,920	1,448,874
Provision for Workers' Welfare Fund	28	10,494,398	1,351,828
		163,427,382	53,354,579
Cash generated from operations before working capital changes		653,055,141	175,758,292
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(14,937,349)	(8,127,774)
Stock in trade		2,402,754	(359,342,608)
Trade debts		(137,582,169)	(72,629,633)
Long term deposit		(3,000,000)	-
Loans and advances - considered good		(60,169,831)	(45,466,445)
Deposits, prepayments and other receivables		(67,270,575)	68,973,141
		(280,557,170)	(416,593,319)
Increase in current liabilities			
Trade and other payables		284,685,412	46,560,331
Contract Liability		25,640,321	43,427,847
Cash generated from / (used in) operations		682,823,704	(150,846,849)
Taxes paid		(34,157,157)	(71,635,689)
Central Research Fund paid	11.3	(2,199,992)	(3,714,596)
Workers' Profit Participation Fund paid	11.2	(9,583,252)	(17,128,423)
		(45,940,401)	(92,478,708)
Net cash generated from / (used in) operating activities		636,883,303	(243,325,557)
Cash flow from investing activities			
Fixed capital expenditure incurred		(106,294,297)	(1,902,512,167)
Proceeds from sale of property, plant and equipment		4,427,095	551,939
Purchase of intangibles		-	(1,660,334)
Dividend income		10,914,440	59,613,077
Payment against Short term investments		110,228,767	917,027,795
Profit on bank deposits received		5,032,455	274,560
Net cash generated from / (used in) investing activities		24,308,460	(926,705,130)
Cash flow from financing activities			
Long term loan received		-	772,863,001
Long term loan paid		(201,187,314)	(8,750,000)
Finance cost paid		(127,110,456)	(55,908,563)
Net cash (used in) / generated from financing activities		(328,297,770)	708,204,438
Net increase / (decrease) in cash and cash equivalents		332,893,993	(461,826,249)
Cash and cash equivalents at the beginning of the period		(217,947,179)	62,324,885
Cash and cash equivalents at the end of the period		114,946,814	(399,501,364)
Cash and cash equivalents comprise of the following:			
Cash and bank balances		346,020,506	239,740,933
Running finance		(231,073,692)	(639,242,297)
		114,946,814	(399,501,364)

The annexed notes from 1 to 41 form an integral part of these interim financial statements.

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G. K. waheed.

Lahore **Chief Executive Officer** **Chief Financial Officer** **Director**

1 Reporting entity

BF Biosciences Limited ("the Company") was incorporated on 24 February 2006 as an unlisted public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is import, manufacturing and sale of pharmaceutical products. The registered office of the Company is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore.

The Company was incorporated pursuant to signing of an agreement between M/s Ferozsons Laboratories Limited, Pakistan ("the Parent Company") and M/s Grupo Empresarial Bagó S.A, Spain on 07 February 2006 in Islamabad for setting up a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The share holding of the Parent Company and M/s Grupo Empresarial Bagó S.A, Spain is 80% and 20% respectively.

The Company commenced its commercial operations on 01 July 2009.

The Company has planned to list on Pakistan Stock Exchange and therefore, these interim financial statements for the nine months period ended 31 March 2024 will be included in prospectus of the Company as per the requirements of section 5.5.6 of PSX regulations.

2 Basis of preparation

2.1 Statement of compliance

These interim 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These interim financial statements have been prepared on the historical cost convention except for certain financial instruments that are stated at fair values. The methods used to measure fair values are discussed further in their respective policy notes.

In these interim financial statements, except for the amounts reflected in the interim statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

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

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2.4 Use of estimates and judgments

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

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

Judgments and estimates made by the management in the application of accounting and reporting standards, as applicable in Pakistan that are significant/relevant to interim financial statements are documented in the ensuing paragraphs:

2.4.1 Property, plant and equipment

The Company reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future may affect the carrying amount of respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.4.2 Impairment

The management of the Company reviews carrying amounts of its assets including cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Inventories

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

These are stated at lower of cost and net realisable value.

Stock in trade are valued at average moving cost and stores, spare parts and loose tools are valued at weighted average cost.

Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Company reviews the carrying amounts of stock in trade and stores, spare parts and loose tools basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

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2.4.4 Expected credit loss (ECL) / loss allowance against trade debts, deposits, advances and other receivables

For financial assets measured at amortized cost, recognition of impairment is based on expected credit loss (ECL) model.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts including due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs.

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

2.4.5 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive obligations. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.4.6 Fair value of investments

The Company regularly reviews the fair value of investments, the estimate of fair values are directly linked to market value. Any change in estimate will effect the carrying value of investments with the corresponding impact on interim statement of profit or loss.

2.4.7 Contingencies

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

2.4.8 Taxation

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

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3 Changes in accounting standards, interpretations and pronouncements

3.1 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

The following amendments to published standards are mandatory for the financial year beginning on 1 January 2023 and are relevant to the Company:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

  The IASB amended IAS 1 Presentation of Financial Statements require entities to disclose their material rather than their significant accounting policies.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

  The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors).

  The amendments added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors.

The following new standards and amendments are effective for the period beginning 1 January 2023, however they are not relevant to the entity's operations:

	Effective from accounting period beginnning on or after
- IFRS 17 Insurance Contracts	January 01, 2023
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	May 23, 2023

4 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

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 on or after 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.

  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

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The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the period of initial application is available.

– Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted, however the Company has not early adopted these amendments and are not likely to have impact on the Company's interim financial statements.

5 Changes in material accounting policies

5.1 Material accounting policy information

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the interim financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the interim financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 6 Material accounting policies (30 June 2023: Significant accounting policies).

6 Material accounting policies

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

6.1 Deferred grant

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

6.2 Trade and other payables

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

6.3 Property, plant and equipment

6.3.1 Owned

Property, plant and equipment, except for freehold and leasehold land are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and leasehold land are stated at cost less impairment losses, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to interim statement of profit or loss over its estimated useful life after taking into account the residual value, if any. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in interim statement of profit or loss.

6.3.2 Capital work in progress

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

6.4 Inventories

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

These are stated at lower of cost and net realisable value.

Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value.

The Company reviews the carrying amounts of stock in trade and stores, spare parts and loose tools basis and provision is made for obsolescence, if there is any change in usage pattern or physical form of related stores, spare parts and loose tools.

6.5 Trade debts

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). These are classified at amortized cost and are initially recognized when they are originated and measured at invoice value. These assets are written off when there is no reasonable expectation of recovery. The policy for impairment of trade debtors on account of expected credit loss is mentioned in note 6.14 to the financial statements.

6.6 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

6.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short term investments and short-term borrowings under mark-up / shariah arrangements, used by the Company in the management of its short-term commitments.

6.8 Revenue recognition

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

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6.8.1 Sale of goods

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales tax, sales returns and related discount and commission. The contract contains distinct goods to be delivered and a single performance obligation to be satisfied. The revenue is recognized at point in time when goods are acknowledged by customers as they are enabled to consume the benefits, when goods are delivered to them and the Company's right to receive transaction price is developed.

6.8.2 Other income

Income on bank deposits is recognized using effective interest method.

Foreign currency gains and losses are reported on a net basis.

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

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

6.9 Borrowing costs

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

6.10 Taxation

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

6.10.1 Current taxation

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

6.10.2 Deferred taxation

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

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in interim statement of profit or loss, any related tax effects are also recognized in interim statement of profit or loss. For transactions and other events recognized outside interim statement of profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in the interim statement of other comprehensive income or directly in equity, respectively).

6.11 Employee benefits

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

6.11.1 Defined contribution plan

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

6.12 Financial instruments

6.12.1 Recognition and initial measurement

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

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

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6.12.2 Classification and subsequent measurement

Financial assets

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

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

Amortized cost

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

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

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

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

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan to employees, trade debts and other receivables.

Debt Instrument - FVOCI

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

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Equity Instrument - FVOCI

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

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

Fair value through profit or loss (FVTPL)

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the interim statement of profit or loss. The Company classify its investments in mutual funds as at FVTPL.

Financial assets – Business model assessment:

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

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

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

Financial liabilities

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

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

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

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Financial liability which carry a share conversion option represents convertible loans that can be converted into ordinary shares or can be settled in cash, are treated as compound financial instrument. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially directly in equity and represents at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

6.12.3 Derecognition

Financial assets

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

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

Financial liabilities

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

6.13 Offsetting of financial instruments

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

6.14 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets

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

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the interim statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

6.15 Provisions

A provision is recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

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6.16 Foreign currency

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

	31 March 2024 Rupees	30 June 2023 Rupees
7 Issued, subscribed and paid up capital		
63,333,334 (30 June 2023: 19,000,000) ordinary shares of Rs. 3 (30 June 2023: Rs. 10) each fully paid in cash (Note 32)	**190,000,002**	190,000,000

7.1 Reconciliation of share capital

	Note	**2024** Number of shares	Face value of shares	Rupees
Balance as at 1 July 2023		**19,000,000**	**10**	**190,000,000**
Effect of sub division of shares	*7.3*	**44,333,334**		-
Balance as at 31 March 2024		**63,333,334**	**3**	**190,000,002**

7.2 80% of the paid-up capital of the Company is held by Ferozsons Laboratories Limited and the remaining 20% is held by M/s Grupo Empresarial Bagó S.A, Spain, an associated company. The Chief Executive Officer of M/s Grupo Empresarial Bagó S.A is Juan Carlos Bagó.

7.3 The shareholders of the Company, in their Extraordinary General Meeting held on 31 March 2024, resolved to increase the number of shares through share split. The sub-division has been performed by splitting every existing share having a par value of Rs 10 per share to 3.33 shares having the par value of Rs 3 per share.

7.4 The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

8 Long term loan - *secured*

Facilities	Note	Sanctioned Limit	31 March 2024	30 June 2023	Remaining tenor of principal repayments	Security
MCB Bank Limited - TERF		850,000,000	824,185,862	849,931,000	32 quarterly installments starting from 23rd July 2023.	First joint pari passu charge over all present and future fixed assets and current assets of Company 1,134 million (30 June 2023: 1,134 million) with security margins of 25% (30 June 2023: 25%), to be upgraded to first joint pari passu charge. Alongside, cross corporate guarantee of Ferozsons Laboratories Ltd.
Habib Bank Limited. - TERF		1,240,000,000	1,145,081,250	1,222,580,000	16 equal semi-annual installments starting from 7th October, 2023.	First pari passu charge of PKR 1,240 million (30 June 2023: PKR 1,240 million) on fixed assets including land, building, plant & machinery (of Unit II) of BF Biosciences Ltd. 25% margin i.e. PKR 457 Million (30 June 2023: PKR 457 million) is covered by first pari passu charge on plant & machinery of Ferozsons Laboratories Ltd. Alongside, Cross-corporate guarantee of Ferozsons Laboratories Ltd.
Karandaaz Pakistan - Convertible loan		835,000,000	668,000,000	793,250,000	20 equal quarterly installments starting from 30 June 2023.	First Pari Passu charge over all present and future current and fixed assets of Company for the total amount of the facility with 10% (30 June 2023: 10%) margin i.e. Rs. 928 million (30 June 2023: PKR 928 million). Alongside, cross-corporate guarantee of Ferozsons Laboratories Ltd.
Total			**2,637,267,112**	2,865,761,000		
Less:						
Impact of deferred grant	*9*		**(795,165,452)**	(795,165,452)		
Adjustment of loan as equity component	*8.2*		**(177,896,871)**	(177,896,871)		
			(973,062,323)	(973,062,323)		
Add:						
Unwinding of loan			**307,628,628**	236,626,632		
			1,971,833,417	2,129,325,309		
Current portion of long term loans			**(273,629,621)**	(356,876,438)		
Long term portion of loans			**1,698,203,796**	1,772,448,871		

8.1 TERF loan facilities obtained from MCB Bank Limited and Habib Bank Limited will be utilized by the Company for the purpose of installing a second production line in its existing facility which will be used to manufacture the biological and non-biological medicines. These loans are recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (30 June 2023: 3 month KIBOR plus 1.5%) and the difference between fair values and net disbursement amounts is recognized as deferred grant.

8.2 Loan facility obtained from Karandaaz Pakistan will be utilized by the company to expand its production capacity by installing a second line of production in its existing facility. Furthermore this includes conversion option (equivalent to 50% of the outstanding principal amount) subject to the fact that all the conditions decided between the parties have been met/ fulfilled/ satisfied or waived. The loan is recognized at fair value using the market interest rate of 3 month KIBOR plus 1.50% (30 June 2023: 3 month KIBOR plus 1.5%) and the difference between fair value and disbursement amount was recognized as equity component. During the year ended 30 June 2023, the lender had forfeited its right for conversion of loan to equity.

8.3 These loans carry mark-up at the rates ranging from 1.93% to 3% (30 June 2023: 1.93% to 3%).

9 Deferred grant	Note	31 March 2024 Rupees	30 June 2023 Rupees
Balance as at 01 July		**633,647,149**	407,740,109
Recognized during the period / year	8	**-**	340,796,441
Amortization during the period / year		**(43,695,422)**	(114,889,401)
Balance as at 31 March / 30 June		**589,951,727**	633,647,149
Current portion		**(127,225,265)**	(129,914,074)
Non - current portion		**462,726,462**	503,733,075

10 Deferred taxation

	31 March 2024	30 June 2023
Deferred tax liability on taxable temporary differences arising in respect of:		
-Unrealized gain on re-measurement of short term investments - *net*	**-**	302,750
-Equity portion of convertible loan	**27,016,360**	25,791,507
	27,016,360	26,094,257
Deferred tax asset on deductible temporary differences arising in respect of:		
-Accelerated tax depreciation	**(7,729,975)**	(4,423,745)
-Unrealized gain on re-measurement of short term investments - net	**(9,861)**	-
-Provisions and others	**(32,091,942)**	(8,164,349)
	(39,831,778)	(12,588,094)
Deferred tax (assets) / liabilities	**(12,815,418)**	13,506,163

Movement in deferred tax balances is as follows:

	31 March 2024			
	Balance as on 01 July	**(Credited) / Charged to statement of profit or loss**	**Effect of Rate Change**	**Balance as on 31 March**
Taxable temporary difference:	---------- Rupees ----------			
-Equity portion of convertible loan	**25,791,507**	**(1,722,748)**	**2,947,601**	**27,016,360**
Deductible Temporary difference:				
-Accelerated tax depreciation	**(4,423,745)**	**(2,800,402)**	**(505,828)**	**(7,729,975)**
Unrealized gain on re-measurement of short term investments - net	**302,750**	**(351,676)**	**39,065**	**(9,861)**
-Provision for expected credit loss and others	**(8,164,349)**	**(22,994,525)**	**(933,068)**	**(32,091,942)**
	(12,285,344)	**(26,146,603)**	**(1,399,831)**	**(39,831,778)**
	13,506,163	**(27,869,351)**	**1,547,770**	**(12,815,418)**

	30 June 2023			
	Balance as on 01 July	**(Credited) / Charged to statement of profit or loss**	**Effect of Rate Change**	**Balance as on 30 June**
Taxable temporary difference:	---------- Rupees ----------			
-Unrealized gain on re-measurement of short term investments - net	476,992	(288,720)	114,478	302,750
-Equity portion of convertible loan	36,800,100	(17,141,943)	6,133,350	25,791,507
	37,277,092	(17,430,663)	6,247,828	26,094,257
Deductible temporary differences:				
-Accelerated tax depreciation	(4,527,473)	858,307	(754,579)	(4,423,745)
-Provisions and others	(6,199,598)	(931,485)	(1,033,266)	(8,164,349)
	(10,727,071)	(73,178)	(1,787,845)	(12,588,094)
	26,550,021	(17,503,841)	4,459,983	13,506,163

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			31 March 2024	30 June 2023
11	**Trade and other payables**	*Note*	**Rupees**	Rupees
	Trade creditors		**282,697,616**	175,680,449
	Due to related parties - unsecured	*11.1*	**29,336,314**	79,037,580
	Workers' Profit Participation Fund	*11.2*	**30,105,662**	13,365,212
	Central Research Fund	*11.3*	**5,317,920**	2,199,992
	Workers Welfare Fund	*11.4*	**15,230,137**	4,735,739
	Advances from employees against purchase of vehicles		**8,824,492**	6,442,873
	Provision for compensated absences		**10,603,822**	7,649,801
	Tax deducted at source		**4,487,732**	2,347,402
	Accrued liabilities	*11.5*	**200,616,857**	43,588,177
	Other payables	*11.6*	**121,093,157**	58,228,296
			708,313,709	393,275,521

11.1 Due to related parties - unsecured

Name of related parties:

Grupo Empresarial Bagó S.A	*11.1.1*	**29,336,314**	29,336,314
Bago Laboratories Pte Ltd		**-**	49,701,266
		29,336,314	79,037,580

11.1.1 This pertains to royalty payable to Grupo Empresarial Bagó S.A - Spain (non controlling share holder) against sales of patent products.

			31 March 2024	30 June 2023
11.2	**Workers' Profit Participation Fund**	*Note*	**Rupees**	Rupees
	Balance as at beginning of period / year		**13,365,212**	18,387,252
	Interest on funds utilized by the Company	*30*	**-**	1,216,423
	Provision for the period / year	*28*	**26,323,702**	10,889,960
	Payments during the period / year		**(9,583,252)**	(17,128,423)
	Balance as at end of period / year		**30,105,662**	13,365,212
11.3	**Central Research Fund**			
	Balance as at beginning of period / year		**2,199,992**	3,714,596
	Provision for the period / year	*28*	**5,317,920**	2,199,992
	Payments during the period / year		**(2,199,992)**	(3,714,596)
	Balance as at end of period / year		**5,317,920**	2,199,992
11.4	**Workers' Welfare Fund**			
	Balance as at beginning of period / year		**4,735,739**	597,554
	Provision for the period / year	*28*	**10,494,398**	4,138,185
	Payments during the period / year		**-**	-
	Balance as at end of period / year		**15,230,137**	4,735,739

11.5 This majorly includes the bonus payable to employees amouting to Rs. 68.92 million (30 June 2023: Rs. 12.00 million), incentives payable to employees amouting to Rs. 44.43 million (30 June 2023: Rs. 8.39 million) and service charges payable to distributors on the sales amounting to Rs. 37.01 million (30 June 2023: Nil).

11.6 This includes amounts obtained from distributors as security deposits against trade debtors as mentioned in note 19.3 of the financial statements. In accordance with the terms agreed with the distributors, these are repayable on demand and are not required to be kept in separate bank account.

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12	Contract liabilities	Note	31 March 2024 Rupees	30 June 2023 Rupees
	Balance as at beginning of period / year		**5,672,993**	23,457,497
	Advance received during the period / year	*12.1*	**31,313,314**	5,672,993
	Revenue recognized during the period / year	*12.1*	**(5,672,993)**	(23,457,497)
	Balance as at end of period / year		**31,313,314**	5,672,993

12.1 The contract liabilities primarily relates to the advances received from customers out of which Rs. 5.67 million (30 June 2023: Rs. 23.46 million) pertains to revenue recognized at point in time. Further, the company has received advances amounting to Rs. 31.13 million (30 June 2023: Rs. 5.67 million).

13	Short term borrowings - secured	Note	31 March 2024 Rupees	30 June 2023 Rupees
	Interest / Markup based financing	*13.1*	**40,662,584**	226,555,421
	Islamic mode of financing	*13.2*	**190,411,108**	246,834,121
			231,073,692	473,389,542

13.1 Interest/ Mark up based financing under non shariah arrangements

The Company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 375 million (30 June 2023: Rs. 610 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0% to 0.75% per annum (30 June 2023: one to three months KIBOR plus 0% to 0.75%). The aggregate short term borrowings are secured by first pari passu charge of Rs. 500 million (30 June 2023: Rs. 837 million) over present and future assets of the Company and lien over shipping documents. These facilities are renewable latest by 30 November 2024.

13.2 Interest/ Mark up based financing under shariah arrangements

The Company has short term borrowing facilities i.e. Running Musharakah available from Islamic bank under profit arrangements having aggregate sanctioned limit of Rs. 250 million (30 June 2023: Rs. 250 million). These facilities carry mark-up at the rates of one month KIBOR plus 0.25% per annum (30 June 2023: one month KIBOR plus 0.25% per annum) on the outstanding balance. This facility can interchangeably be utilized as non-funded. The aggregate short term borrowings are secured by first pari passu charge of Rs. 334 million (30 June 2023: Rs. 334 million) over current and future assets of the Company. This facilities are renewable latest by 30 November 2024.

13.3 As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions as imposed by the providers of finance.

14 Contingencies and commitments

14.1 Contingencies:

14.1.1 On 15 June 2020, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2014. The proceedings were concluded on 29 June 2020, and an order was issued amounting to Rs. 35,992,726 on various contentions. which mainly includes promotional expenses, amortization and finance costs.

The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment. The Income Tax Department has filed an appeal against this order before the Appellate Tribunal Inland Revenue, which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

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14.1.2 In February 2017, the ACIR issued a show-cause notice to the Company u/s 122(9) of the Income Tax Ordinance, 2001 for the tax year 2015. The proceedings were concluded on 06 October 2020, and an order was issued amounting to Rs. 77,075,217 on various contentions. Which mainly includes expenses apportionment, promotional expenses, amortization and excess deprecation.

The Company had filed an appeal against this demand before Commissioner Appeals who, remanded back the case for fresh proceedings. After appeal effect proceedings, demand created on account of apportionment of expenses and depreciation were deleted and for promotional expenses demand was reduced to Rs. 961,772. The company has filed an appeal against both these issues with the Commissioner Appeals which is pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

14.1.3 As a result of monitoring proceedings of withholding taxes for tax year 2017, the Assessing Officer has issued Order and raised the demand of Rs.5,218,952 (inclusive of default surcharge) on account of non-withholding of tax on certain expenses including sales promotion and advertisement under section 156 of the Ordinance. The Company had filed an appeal against this demand before Commissioner Appeals who deleted the existing demand and remanded back some matters to the learned officer for re-assessment and upheld demand of Rs.664,128 on account of travelling and daily allowance.

The Company has filed an appeal against this order before the Appellate Tribunal Inland Revenue which is pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

14.2 Commitments:

14.2.1 Letter of credits

14.2.1.1 *Under Mark up arrangements*

Out of aggregate facility of Rs. 705 million (30 June 2023: Rs. 705 million) for opening letters of credits, the amount utilized as at 31 March 2024 for capital expenditure was Rs. Nil (30 June 2023: Rs. 1.00 million) and for other than capital expenditure was Rs. 41.70 million (30 June 2023: Rs. 1.00 million). These facilities are secured by pari passu charge over all present and future current assets and plant & machinery of the Company with 25% margin and lien over import documents (30 June 2023: pari passu charge over all present and future current assets and plant & machinery of the Company with 25% margin and lien over import documents).

14.2.1.2 *Under Shariah compliant arrangements*

The Company has facility i.e. letters of credit of Rs. 250 million (30 June 2023: Rs. 250 million) available from Islamic banks. The amount utilized as at 31 March 2024 for capital expenditure was Rs. Nil (30 June 2023: Rs. Nil) and for other than capital expenditure was Rs. Nil (30 June 2023: Rs. Nil). This facility is secured against pari passu charge over all present and future current assets and plant & machinery of the Company with 25% margin (30 June 2023: pari passu charge over all present and future current assets and plant & machinery of the Company with 25% margin).

14.2.2 Guarantees issued by banks on behalf of the Company

14.2.2.1 *Under Mark up arrangements*

Out of the aggregate facility of Rs. 85 million (30 June 2023: Rs. 85 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 March 2024 was Rs. 21.2 million (30 June 2023: Rs. 12.75 million).

14.2.2.2 *Under Shariah compliant arrangements*

The Company has facility i.e. letter of guarantee of Rs. 50 million (30 June 2023: Rs. 50 million) available from Islamic bank, the amount utilized as at 31 March 2024 was Rs. Nil (30 June 2023: Rs. Nil).

15 Property, plant and equipment

	Note	31 March 2024 Rupees	30 June 2023 Rupees
Operating assets	*15.1*	**166,076,152**	185,286,486
Capital work in progress	*15.2*	**3,982,657,551**	3,884,336,004
		4,148,733,703	4,069,622,490

15.1 Operating assets

	Note	Freehold land	Building on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
		31 March 2024							
		Rupees							
Owned									
31 March 2024									
Cost									
Balance as at 01 July 2023		25,360,500	214,163,830	635,891,048	15,773,367	7,534,680	14,692,996	35,045,477	948,461,898
Additions / transfers	*15.1.3*	-	-	1,034,092	470,178	26,550	1,549,490	4,892,440	7,972,750
Disposals		-	-	-	-	-	-	(7,331,595)	(7,331,595)
Balance as at 31 March 2024	*15.1.1*	**25,360,500**	**214,163,830**	**636,925,140**	**16,243,545**	**7,561,230**	**16,242,486**	**32,606,322**	**949,103,053**
Depreciation									
Balance as at 01 July 2023		-	210,011,682	508,884,909	9,010,499	6,261,260	9,536,514	19,470,548	763,175,412
Charge for the period	*15.1.5*	-	903,725	17,311,648	741,662	186,693	2,507,317	3,257,507	24,908,552
On disposals		-	-	-	-	-	-	(5,057,063)	(5,057,063)
Balance as at 31 March 2024		**-**	**210,915,407**	**526,196,557**	**9,752,161**	**6,447,953**	**12,043,831**	**17,670,992**	**783,026,901**
Net book value as at 31 March 2024		**25,360,500**	**3,248,423**	**110,728,583**	**6,491,384**	**1,113,277**	**4,198,655**	**14,935,330**	**166,076,152**
Depreciation rate %		**-**	**10**	**10**	**10**	**10**	**33**	**20**	

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	Note	30 June 2023							
		Freehold land	Building on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
		Rupees							
Owned									
30 June 2023									
Cost									
Balance as at 01 July 2022		25,360,500	212,482,967	615,815,725	11,254,388	7,356,647	13,193,862	32,464,468	917,928,557
Additions / transfers	*15.1.3*	-	1,680,863	20,075,323	4,518,979	178,033	1,728,874	5,130,109	33,312,181
Disposals		-	-	-	-	-	(229,740)	(2,549,100)	(2,778,840)
Balance as at 30 June 2023	*15.1.1*	25,360,500	214,163,830	635,891,048	15,773,367	7,534,680	14,692,996	35,045,477	948,461,898
Depreciation									
Balance as at 01 July 2022		-	208,834,672	486,105,750	8,067,080	6,025,302	6,587,842	16,558,105	732,178,751
Charge for the year	*15.1.5*	-	1,177,010	22,779,159	943,419	235,958	3,178,404	5,461,543	33,775,493
On disposals		-	-	-	-	-	(229,732)	(2,549,100)	(2,778,832)
Balance as at 30 June 2023		-	210,011,682	508,884,909	9,010,499	6,261,260	9,536,514	19,470,548	763,175,412
Net book value as at 30 June 2023		25,360,500	4,152,148	127,006,139	6,762,868	1,273,420	5,156,482	15,574,929	185,286,486
Depreciation rate %		-	10	10	10	10	33	20	

15.1.1 These include fully depreciated assets amounting to Rs. 644.7 million (30 June 2023: Rs. 635.1 million)

15.1.2 Building and biotech plant is located at freehold land measuring 16 kanal and 10 marla located at 5-km Sunder Raiwind road, Lahore.

15.1.3 Additions in operating fixed assets include transfers from capital work-in-progress amounting to Rs. 6.84 million (30 June 2023: Rs. 21.76 million).

15.1.4 During the nine months ended 31 March 2023, the company acquired operating fixed assets at a cost of PKR 32.53 million *(unaudited)*. Fully depreciated assets having the cost of PKR 1.50 million *(unaudited)* were disposed off during the nine months ended 31 March 2023, resulting in a gain on diposal off PKR 0.55 million *(unaudited)*, which was included in other income in the interim statement of profit or loss of the respective period.

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15.1.5 Depreciation charge for the period has been allocated as follows:

	Note	Nine months ended Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
Cost of sales	*25*	**21,794,862**	22,555,671
Administrative expenses	*26*	**2,261,468**	1,606,738
Selling and distribution cost	*27*	**852,222**	1,049,843
		24,908,552	25,212,252

15.2 Capital work-in-progress	Note	**31 March 2024 Rupees**	30 June 2023 Rupees
The movement in capital work in progress is as follows:			
Balance as at beginning of period / year		**3,884,336,004**	1,949,279,704
Additions during the period / year		**105,157,767**	1,956,812,486
Transfers during the period / year		**(6,836,220)**	(21,756,186)
Balance as at end of period / year	*15.2.1*	**3,982,657,551**	3,884,336,004

15.2.1 Capital work-in-progress comprises of:

Building, civil works & others	*15.2.2*	**858,332,090**	785,083,343
Plant and machinery		**3,124,325,461**	3,099,252,661
		3,982,657,551	3,884,336,004

15.2.2 This includes borrowing cost amounting to Rs. 28.21 million (30 June 2023: Rs. 40.67 million) capitalized during the period at the rate of 9.4% (30 June 2023: 9.4%)

15.2.3 During the nine months ended 31 March 2023, the additions to capital work-in-progress amounted to PKR 1,902.89 million (unaudited), whereas the transfers to operating fixed assets amounted to PKR 21.53 million (unaudited).

16 Intangibles	Note	**31 March 2024 Rupees**	30 June 2023 Rupees
16.1 Computer software and software license fees			
Cost			
Balance as at beginning of period / year		**4,514,651**	2,854,315
Addition during the period / year		**-**	1,660,336
Balance as at end of period / year	*16.1.1*	**4,514,651**	4,514,651
Amortization			
Balance as at beginning of period / year		**3,407,762**	2,854,315
Amortization for the period / year	*26*	**415,083**	553,447
Balance as at end of period / year		**3,822,845**	3,407,762
Net book value		**691,806**	1,106,889

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16.1.1 These include fully amortized assets amounting to Rs. 2.85 million (30 June 2023: Rs. 2.85 million). Intangibles are amortized at the rate of 33% (30 June 2023: 33%) on straight line basis.

16.1.2 During the nine months ended 31 March 2023, the company acquired intangibles at a cost of PKR 1.66 million *(unaudited)*. No intangibles were disposed off during the nine months ended 31 March 2023-*unaudited*.

16.1.3 During the nine months ended 31 March 2023, the amortization amounted to PKR 0.37 million (unaudited).

17 Stores, spare parts and loose tools	Note	31 March 2024 Rupees	30 June 2023 Rupees
Stores, spare parts and loose tools		**98,357,307**	74,378,734
Stores in transit		**-**	9,041,224
		98,357,307	83,419,958

18 Stock in Trade

	Note	31 March 2024 Rupees	30 June 2023 Rupees
Raw and packing materials		**502,228,667**	433,674,746
Work in process		**97,630,780**	91,884,608
Finished goods		**122,095,738**	124,747,020
Stock in transit	*18.3*	**67,052,023**	120,179,994
		789,007,208	770,486,368
Less: provision for slow moving stock in trade - raw and packing materials	*18.1*	**(22,585,651)**	(1,662,057)
		766,421,557	768,824,311

18.1 Movement in Provision for slow moving stock in trade

Balance as at beginning of period / year	**1,662,057**	1,662,057
Provided during the period / year	**20,923,594**	-
Balance as at end of period / year	**22,585,651**	1,662,057

18.2 The amount charged to interim statement of profit or loss on account of write down of raw material, work-in-process and finished goods to net realizable value amounts to Rs. 13.75 million (30 June 2023: Rs. 11.00 million), Rs. 18.08 million (30 June 2023: Rs. 26.36 million) and Rs. 34.98 million (30 June 2023: Rs. 16.27 million), respectively.

18.3 It includes raw and packing material in transit amounting to Rs. 67.05 million (30 June 2023: Rs. 107.21 million).

19 Trade debts	Note	31 March 2024 Rupees	30 June 2023 Rupees
Export debtors			
Considered good - *secured*	*19.1*	**7,791,802**	-
Local debtors			
Considered good - *secured*		**102,340,426**	-
Considered good - *unsecured*		**121,262,011**	93,812,070
Considered doubtful		**17,686,685**	8,134,008
		249,080,924	101,946,078
Less: Provision for expected credit loss	*19.2*	**(17,686,685)**	(8,134,008)
		231,394,239	93,812,070

19.1 These receivables are secured against the security deposit received from distributors as per the terms of agreement in the normal course of business.

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19.2 Movement in provision for expected credit loss

	Note	31 March 2024 Rupees	30 June 2023 Rupees
Balance as at beginning of period / year		**8,134,008**	4,273,529
Charge of Expected credit loss during period /	28	**9,552,677**	3,925,699
Trade debts written off		**-**	(65,220)
Balance as at end of period / year		**17,686,685**	8,134,008

20 Loans and advances

	Note		
Advances - secured, considered good			
Advances to employees	20.1	**17,334,250**	2,166,316
Advances - unsecured, considered good			
Advances to suppliers	20.2	**53,076,687**	12,080,973
Others		**4,006,183**	-
		74,417,120	14,247,289

20.1 Advances given to staff are in accordance with the Company's Human Resource policy and terms of employment contract. These advances are secured against Provident Fund.

20.2 These are interest free in the ordinary course of business.

21 Deposits, prepayments and other receivables

	Note	31 March 2024 Rupees	30 June 2023 Rupees
Earnest money - considered good	21.1	**24,435,302**	28,191,665
Earnest money - considered doubtful		**5,726,839**	6,368,608
		30,162,141	34,560,273
Less: Provision for expected credit loss	21.2	**(5,726,839)**	(6,368,608)
		24,435,302	28,191,665
Margins held by bank		**73,622,535**	10,474,408
Prepayments		**9,805,546**	2,276,006
Sales tax refundable		**48,188,605**	49,636,464
Others		**1,797,130**	-
		157,849,118	90,578,543

21.1 These are interest free and given in the ordinary course of business for acquiring government tenders.

21.2 The movement in provision for expected credit loss is as follows:

	31 March 2024 Rupees	30 June 2023 Rupees
Balance as at beginning of period / year	**6,368,608**	8,066,128
Reversal of Expected credit loss during the period / year	**(641,769)**	(1,697,520)
Balance as at end of period / year	**5,726,839**	6,368,608

22 Short term investments	Note	31 March 2024 Rupees	30 June 2023 Rupees
Investments at fair value through profit or loss - Mutual Funds	22.1	**37,446,668**	147,385,823

22.1 The movement in short term investments is as follows:

Carrying value as at beginning of period / year		**147,385,823**	1,299,583,607
(Redemption) / acquisition - *net*		**(110,228,767)**	(1,161,123,060)
Realized gain / (loss) on sale of investments	*22.1.1*	**317,789**	7,948,663
Unrealized gain / (loss) on re-measurement of investment during the period / year		**(28,177)**	976,613
Carrying value as at end of period / year	*22.1.2*	**37,446,668**	147,385,823

22.1.1 Realized gain of Rs. 0.32 million (31 March 2023-*unaudited*: Rs. 7.10 million) on sale of mutual funds and dividend of Rs. 10.91 million (31 March 2023-*unaudited*: Rs. 59.61 million) has been recorded in "other income". These investments and related gain is from non shariah compliant arrangement.

22.1.2 Mutual fund wise detail is as follows:

	Units		Fair value	
	31 March 2024	30 June 2023	**31 March 2024**	30 June 2023
	-------------Number-------------		------------------Rupees------------------	
ABL Cash Fund	**1,174,067**	12,224,156	**12,040,875**	125,037,256
HBL Money Market Fund	**2,277**	2,277	**271,599**	234,998
HBL Cash Fund	**243,896**	216,449	**25,134,194**	22,113,569
	1,420,240	12,442,882	**37,446,668**	147,385,823

23 Cash and bank balances	Note	31 March 2024 Rupees	30 June 2023 Rupees
Cash in hand		**5,235,143**	4,556,666
Cash at banks			
Current accounts:			
- Foreign currency		**223,424,173**	221,441,401
- Local currency	*23.1*	**64,516,293**	21,016,106
		287,940,466	242,457,507
- Deposit accounts - local currency	*23.2*	**52,844,897**	8,428,190
		346,020,506	255,442,363

23.1 These bank accounts have been maintained under non shariah compliant arrangement.

23.2 These carry interest at the rates ranging from 11.01% to 20.51% (30 June 2023: 12.25% to 19.51%) per annum.

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		Nine months ended	
		Audited	Un-audited
		31 March	31 March
		2024	2023
24 Revenue - *net*	*Note*	**Rupees**	Rupees
Gross sales:			
Local		**3,163,522,921**	1,303,279,155
Export		**38,852,054**	35,789,522
		3,202,374,975	1,339,068,677
Less:			
Sales return		**(11,892,078)**	(13,874,289)
Sales Tax		**(10,662,691)**	(10,602,740)
Discounts		**(264,306,458)**	(129,291,449)
		(286,861,227)	(153,768,478)
Revenue from contracts with customers	*24.1*	**2,915,513,748**	1,185,300,199

Disaggregation of Revenue (Revenue - *net*)

24.1 Primary Geographical Markets (Revenue - *net*)

Pakistan	**2,876,661,694**	1,150,128,554
Nepal	**28,319,882**	24,736,205
Sri Lanka	**4,227,457**	5,720,400
Others	**6,304,715**	4,715,040
	2,915,513,748	1,185,300,199

25 Cost of goods sold

Raw and packing materials consumed	*25.1*	**504,475,750**	388,592,464
Fuel and power		**236,189,569**	105,775,618
Depreciation on property, plant and equipment	*15.1.5*	**21,794,862**	22,555,671
Salaries, wages and other benefits	*25.2*	**138,762,269**	96,798,721
Stores and spares consumed		**39,093,661**	21,967,984
Laboratory and other expenses		**23,055,350**	41,155,960
Insurance		**12,287,041**	8,732,282
Repairs and maintenance		**10,698,850**	9,755,223
Traveling and conveyance		**11,286,209**	7,509,113
Transportation		**3,450,727**	4,668,224
Freight and forwarding		**6,600,243**	5,628,086
Others		**1,301,821**	2,957,967
		1,008,996,352	716,097,313
Work in process:			
At beginning of the period		**91,884,608**	31,757,437
At end of the period		**(97,630,780)**	(206,926,212)
		(5,746,172)	(175,168,775)
Cost of goods manufactured		**1,003,250,180**	540,928,538
Finished goods:			
At beginning of the period		**124,747,020**	91,644,324
Add: purchases made during the period		**647,405,309**	309,083,989
At end of the period		**(122,095,738)**	(39,762,086)
		650,056,591	360,966,227
		1,653,306,771	901,894,765

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25.1 Raw and packing materials consumed	Note	Nine months ended Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
At beginning of the period		**432,012,689**	130,192,617
Add: purchases made during the period		**552,106,077**	703,238,091
		984,118,766	833,430,708
Less: At end of the period	*25.3*	**(479,643,016)**	(444,838,244)
		504,475,750	388,592,464

25.2 Salaries, wages and other benefits include Rs. 4.01 million (31 March 2023-*unaudited*: Rs. 3.80 million) charged on account of defined contribution plan.

25.3 This includes provision for slow moving stocks of Rs. Rs. 20.92 million (31 March 2023-*unaudited*: Rs. 1.66 million).

26 Administrative expenses	Note	Nine months ended Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
Salaries and other benefits	*26.1*	**10,443,424**	22,333,654
Depreciation on property, plant and equipment	*15.1.5*	**2,261,468**	1,606,738
Amortization	*16*	**415,083**	368,928
Traveling, conveyance and transportation		**1,995,987**	890,314
Printing and stationary		**48,606**	34,506
Canteen expenses		**38,600**	-
Auditors' remuneration	*26.2*	**2,761,453**	318,000
Rent, rates and taxes		**103,700**	120,000
Insurance		**274,652**	190,918
Postage and telephone		**151,492**	123,607
Repairs and maintenance		**351,306**	217,616
Subscriptions		**12,056,767**	20,842
Legal and professional charges		**1,157,690**	2,077,395
Others		**386,179**	5,316
		32,446,407	28,307,834

26.1 Salaries and other benefits include Rs. 0.22 million (31 March 2023-*unaudited*: Rs. 0.98 million) charged on account of defined contribution plan.

26.2 Auditor's remuneration	Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
Fee for audit	**1,800,000**	-
Special certificates and others	**702,692**	318,000
Out-of-pocket expenses	**258,761**	-
	2,761,453	318,000

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27	Selling and distribution expenses	Note	Nine months ended Audited 31 March 2024 Rupees	Nine months ended Un-audited 31 March 2023 Rupees
	Salaries and other benefits	*27.1*	**247,240,040**	16,326,275
	Conferences, seminars and training		**88,491,451**	20,456,253
	Sales promotion		**118,231,905**	20,678,412
	Service charges		**27,135,516**	19,691,035
	Traveling and conveyance		**106,754,338**	11,766,478
	Depreciation on property, plant and equipment	*15.1.5*	**852,222**	1,049,843
	Royalty, subscriptions and fees		**190,498**	1,394,300
	Rent, rates and taxes		**1,058,920**	264,394
	Insurance		**6,448,718**	1,378,922
	Postage and telephone		**2,205,533**	972,985
	Repairs and maintenance		**898,955**	1,673,418
	Printing and stationery		**231,584**	193,297
	Others		**937,585**	516,228
			600,677,265	96,361,840

27.1 Salaries and other benefits include Rs. 4.86 million (31 March 2023-*unaudited*: Rs. 1.26 million) charged on account of defined contribution plan.

28	Other expenses	Note	Nine months ended Audited 31 March 2024 Rupees	Nine months ended Un-audited 31 March 2023 Rupees
	Exchange loss - *net*	*29.1*	**-**	12,511,079
	Central research fund	*11.3*	**5,317,920**	1,448,874
	Workers profit participation fund	*11.2*	**26,323,702**	7,171,927
	Workers welfare fund	*11.4*	**10,494,398**	1,351,828
	Charge for provision for expected credit loss	*19.2 & 21.2*	**8,910,908**	-
	Unrealized loss on re-measurement of short term investments to fair value	*22.1*	**28,177**	-
			51,075,105	22,483,708
29	**Other income**			
	Income from financial assets			
	Profit on bank deposits	*23.2*	**5,032,455**	274,560
	Unrealized gain on re-measurement of short term investments to fair value	*22.1*	**-**	6,633,680
	Dividend income	*22.1.1*	**10,914,440**	59,613,077
	Realized gain on sale of short term investments	*22.1*	**317,789**	5,895,494
			16,264,684	72,416,811
	Income from non-financial assets			
	Export rebates		**342,524**	348,533
	Gain on sale of property, plant and equipment		**2,152,563**	551,930
	Exchange gain - *net*	*29.1*	**7,216,585**	-
			9,711,672	900,463
			25,976,356	73,317,274

29.1 The exchange loss / gain was incurred due to actual currency fluctuation.

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	Note	Nine months ended	
		Audited	Un-audited
		31 March 2024	31 March 2023
	Note	**Rupees**	Rupees
30 Finance cost			
Profit / interest / mark up on:			
- short term borrowings	*30.1*	**56,648,351**	26,470,315
- short term borrowings from FLL		**-**	950,806
- long term loan	*30.1*	**34,134,346**	38,025,449
- unwinding effect of karandaaz loan		**16,061,386**	14,110,234
- interest on WPPF	*11.2*	**-**	1,216,423
-corporate guarantee expense	*30.2*	**5,265,000**	5,265,000
		112,109,083	86,038,227
Bank charges		**2,247,714**	1,127,386
		114,356,797	87,165,613

30.1 The markup / profit is on borrowings availed under non shariah and shariah (2023-*unaudited*: shariah and non shariah) compliant arrangements.

30.2 This represents interest on corporate guarantee, given to the bank by the Parent Company on behalf of the Company, as per the legal requirements.

	Note	Nine months ended	
		Audited	Un-audited
		31 March 2024	31 March 2023
	Note	**Rupees**	Rupees
31 Taxation			
Current			
- For the period		**207,566,931**	30,560,591
- For prior periods		**(5,669,333)**	-
		201,897,598	30,560,591
Deferred			
- For the period		**(27,869,351)**	179,312
- Effect of rate change		**1,547,770**	-
		(26,321,581)	179,312
	31.1	**175,576,017**	30,739,903

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	Nine months ended	
	Audited	Un-audited
	31 March 2024	31 March 2023
	Rupees	Rupees

31.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

Profit before taxation	**489,627,759**	122,403,713
Applicable tax rate as per Income Tax Ordinance, 2001	**29%**	29%
Tax on accounting profit	**141,992,050**	35,497,077
Effect of final tax regime	**(5,004,552)**	(12,052,426)
Effect of Rate change	**1,547,770**	-
Effect of prior year tax	**(5,669,333)**	-
Effect of Separate block	**(1,486,381)**	-
Effect of proration	**(1,193,613)**	-
Effect of minimum tax	**(653,956)**	8,835,582
Super tax under section 4C	**53,435,732**	-
Permanent differences and others	**(7,391,700)**	(1,540,330)
	33,583,967	(4,757,174)
	175,576,017	30,739,903

32 Earning per share - basic and diluted

		Nine months ended	
		Audited	Un-audited
		31 March 2024	31 March 2023 *Re-stated*
Profit after taxation for distribution to ordinary shareholders	*(Rupees)*	**314,051,742**	91,663,810
Weighted average number of ordinary shares	*(Numbers)*	**63,333,334**	63,333,334
Basic earning per share	*(Rupees)*	**4.96**	1.45

32.1 Weighted average number of ordinanry shares

	Note	Nine months ended	
		Audited	Un-audited
		31 March 2024	31 March 2023 *Re-stated*
Outstanding number of shares before shares split		**19,000,000**	19,000,000
Add: Element of shares split in number of shares at the start of the period	*7.1*	**44,333,334**	44,333,334
		63,333,334	63,333,334

32.2 There is no dilutive effect on the basic earning per share of the Company as the Company has no commitments for such potentially issuable shares which has any dilutive effect.

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	31 March 2024		31 March 2023 - *unaudited*	
	Chief Executive	**Executives**	Chief Executive	Executives
33 Remuneration of Chief Executive and Executives	**Rupees**		Rupees	
Managerial remuneration	-	**37,149,205**	7,742,791	24,676,517
Leave fare assistance / leave encashment	-	**4,547,071**	-	2,542,448
Bonus / Incentives	-	**6,075,682**	-	6,218,717
Contribution to provident fund	-	**3,267,329**	774,277	1,891,140
Utilities and house rent	-	**17,970,382**	3,484,250	13,572,084
Medical reimbursement	-	**1,572,613**	-	2,367,253
	-	**70,582,282**	12,001,318	51,268,159
Numbers	**1**	**16**	1	12

33.1 The Directors of the Company are not paid any remuneration.

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

34 Related party transactions

The Company's related parties include the parent company, associated companies, entities over which directors are able to exercise influence and staff retirement fund. Balances with the related parties are shown in respective notes to the interim financial statements. Transactions with related parties are as follows:

Name of parties	Relationship	Transactions	Nine months ended Audited 31 March 2024 Rupees	Un-audited 31 March 2023 Rupees
Ferozsons Laboratories Limited (80% share holder)	Parent Company	Purchase of medicine	**577,841,572**	265,376,496
		Payment made against purchase of medicine	**577,841,572**	265,376,496
		Short term borrowing extended by FLL	-	170,000,000
		Short term borrowing repaid to FLL	-	170,000,000
		Expenses incurred by the Company on behalf of FLL - net	**49,089,166**	48,111,460
		Receipts received from FLL - net	**398,774**	1,321,411
		Receipts received by the Company on behalf of FLL - net	**48,690,392**	46,790,049
		Sale of medicine - net of returns and discounts	**834,290**	18,272,099
		Receipts received against sale of medicine	**834,290**	18,272,099
		Premium against corporate guarantee paid by FLL	**5,265,000**	5,265,000
		Payment made against premium on corporate guarantee	**3,510,000**	3,510,000
		Markup expense on short term borrowing facility by FLL	-	950,806
		Payment against markup expense on short term borrowing facility by FLL	-	950,806
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	**59,900,688**	36,721,029
		Payment made against purchase of medicine	**94,182,434**	72,698,278
Farmacia	Associated Company	Sale of medicine - net of returns and discounts	**145,821,035**	126,783,930
		Payment received against sale of medicine	**145,821,035**	126,783,930
Employees provident fund	Post employment benefit fund	Provident fund contribution	**9,090,284**	3,469,421
Akhtar Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	-	12,001,318

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

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

	Long term loan	Accrued mark-up	Total
	--------- Rupees - -------		
As at 30 June 2023	**2,762,972,458**	**43,827,494**	**2,806,799,952**
Changes from financing cash flows			
Proceeds from long term loan	-	-	-
Principal / finance cost paid	**(228,882,112)**	**(127,110,456)**	**(355,992,568)**
Total changes from financing cash flows	**(228,882,112)**	**(127,110,456)**	**(355,992,568)**
Other changes			
Interest expense	-	**114,356,797**	**114,356,797**
Impact of effective rate	**27,694,798**	-	**27,694,798**
Total liability related other changes	**27,694,798**	**114,356,797**	**142,051,595**
As at 31 March 2024	**2,561,785,144**	**31,073,835**	**2,592,858,979**

	Long term loan	Accrued mark-up	Total
	--------- Rupees - -------		
As at 30 June 2022	2,002,456,900	13,824,098	2,016,280,998
Changes from financing cash flows			
Proceeds from long term loan	772,863,000	-	772,863,000
Principal / finance cost paid	(50,500,000)	(120,277,913)	(170,777,913)
Total changes from financing cash flows	722,363,000	(120,277,913)	602,085,087
Other changes			
Interest expense	-	150,281,309	150,281,309
Impact of effective rate	38,152,558	-	38,152,558
Total liability related other changes	38,152,558	150,281,309	188,433,867
As at 30 June 2023	2,762,972,458	43,827,494	2,806,799,952

36 Capacity and productions

	Actual production	
	31 March 2024	30 June 2023
	---------Packs--------	
Liquid And Others	**1,944,695**	2,168,156

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

37 Number of employees

	Total number of employees	
	31 March 2024	30 June 2023
Total number of employees as at 31 March / 30 June	**373**	263
Average number of employees during the period / year	**268**	206

38 Disclosures relating to provident fund

The provident fund trust is a common fund for employees of the Group. Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

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39 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

39.1 Credit risk and concentration of credit risk

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

39.1.1 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

39.1.2 Exposure to credit risk

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

	31 March 2024	30 June 2023
	Rupees	Rupees
Financial assets at amortized cost		
Long term deposits	**7,827,000**	4,827,000
Trade debts - considered good	**231,394,239**	93,812,070
Deposits and other receivables	**98,057,837**	38,666,073
Bank balances	**340,785,363**	255,442,363
	678,064,439	392,747,506

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39.1.2.1 Concentration of credit risk

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

	31 March 2024 Rupees	30 June 2023 Rupees
Customers	**231,394,239**	93,812,070
Banking companies and financial institutions	**340,785,363**	255,442,363
Others	**105,884,837**	43,493,073
	678,064,439	392,747,506

As at March 31, 2024, the Company's largest concentration of credit risk lies in trade debts relating to the Government institutions, amounted to Rs. 182 million (2023: 71 million).

39.1.2.2 Credit quality and impairment

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

39.1.2.3 Counterparties with external credit ratings

These represent banking companies and financial institutions, which are counterparties to bank balances and investments. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Institutions	Rating - Long term	Rating - Short term	Rating Agency	31 March 2024 Rupees	30 June 2023 Rupees
Allied Bank Limited	AAA	A1+	PACRA	**60,967,480**	16,844,012
Bank Alfalah Limited	AA+	A1+	PACRA	**287,804**	8,355,633
Habib Bank Limited	AAA	A1+	VIS	**65,505,553**	10,343,801
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	**212,109,015**	215,126,141
Meezan Bank Limited	AAA	A1+	VIS	**215,304**	-
MCB Bank Limited	AAA	A1+	PACRA	**1,700,207**	216,110
				340,785,363	250,885,697
Deposit - L/C margin					
Meezan Bank Limited	AAA	A1+	VIS	**73,622,535**	10,474,408
Short term investments					
ABL Cash Fund	AA+(f)	N/A	VIS	**12,040,875**	125,037,256
HBL Money Market Fund	AA+(f)	N/A	VIS	**271,599**	234,998
HBL Cash Fund	AA+(f)	N/A	VIS	**25,134,194**	22,113,569
				37,446,668	147,385,823
				451,854,566	408,745,928

39.1.2.4 Counterparties without external credit ratings - Trade debts

These mainly include customers which are counter parties to local and foreign trade debts against sale of pharmaceutical products. As explained in note 6.14, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables other than due from Government departments / hospitals. Trade receivables are written off when there is no reasonable expectation of recovery.

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Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used tow years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 31 March 2024 was determined as follows:

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

	Other			
	31 March 2024		30 June 2023	
	Gross carrying amount	**Expected credit loss**	Gross carrying amount	Expected credit loss
Current	**52,723,117**	**2,162,706**	20,017,149	671,979
Past due 61 - 90 days	**1,218,671**	**834,416**	7,605,844	1,734,405
Past due 91 - 180 days	**10,392,750**	**5,352,296**	398,494	322,143
Past due 181 - 365 days	**2,457,553**	**2,167,335**	1,397,441	1,196,512
More than 365 days	**717,537**	**717,537**	663,892	645,040
	67,509,628	**11,234,290**	30,082,820	4,570,079

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

	Government			
	31 March 2024		30 June 2023	
	Gross carrying amount	**Expected credit loss**	Gross carrying amount	Expected credit loss
Past due 0 - 90 days	**62,656,745**	**323,835**	16,135,160	22,322
Past due 91 - 180 days	**51,283,823**	**1,399,958**	30,842,084	501,208
Past due 181 - 365 days	**40,005,982**	**2,097,806**	21,261,379	2,335,805
More than 365 days	**27,624,746**	**2,630,796**	3,624,636	704,594
	181,571,296	**6,452,395**	71,863,259	3,563,929

Export sales are majorly secured through letter of credit while majority of the local sales are made to Government departments / hospitals. Trade debts are essentially due from government departments / projects and the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations. Deposits and other receivables are mostly due from Government Institutions, utility companies and a major supplier. Impairment on these balances has been measured on 12 month expected loss basis and reflects the shortest maturities of the exposure. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

39.2 Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in notes 8 and 13 to these interim financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Exposure to liquidity risk

Contractual maturities of financial liabilities, including estimated interest payments

The following are the contractual maturities of financial liabilities as on 31 March.

	31 March 2024			
	Carrying amount	Contractual Cashflows		
		Less than one year	One to five years	More than 5 years
Financial liabilities	Rupees			
Trade and other payables	644,347,766	644,347,766	-	-
Long term loan - secured	2,561,785,144	400,972,875	1,610,620,643	625,673,594
Accrued mark-up	31,073,835	31,073,835	-	-
	3,237,206,745	1,076,394,476	1,610,620,643	625,673,594

	30 June 2023			
	Carrying amount	Contractual Cashflows		
		Less than one year	One to five years	More than 5 years
Financial liabilities	Rupees			
Trade and other payables	364,184,303	364,184,303	-	-
Long term loan - secured	2,762,972,458	494,245,255	2,086,793,536	442,047,633
Accrued mark-up	43,827,494	43,827,494	-	-
	3,170,984,255	902,257,052	2,086,793,536	442,047,633

39.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk.
- interest rate risk
- other price risk

39.3.1 Currency risk

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

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

The potential currency exposures are discussed below:

39.3.1.1 Transactional exposure in respect of non functional currency monetary items

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

39.3.1.2 Transactional exposure in respect of non functional currency expenditure and revenues

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

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39.3.1.3 Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the interim statement of financial position date.

	31 March 2024						
Assets	**Rupees**	**JPY**	**US Dollars**	**CNY**	**Euro**	**Pound**	**Aus. Dollars**
Cash and bank balances	**218,645,037**	**146,000**	**784,467**	**-**	**1,535**	**3,410**	**1,000**
Advances to suppliers	**926,897**	**-**	**3,335**	**-**	**-**	**-**	**-**
Trade and other receivables	**7,787,879**	**-**	**28,020**	**-**	**-**	**-**	**-**
	227,359,813	**146,000**	**815,822**	**-**	**1,535**	**3,410**	**1,000**
Liabilities							
Contract liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(153,868,525)**	**-**	**(493,990)**	**(430,474)**	**-**	**-**	**-**
	(153,868,525)	**-**	**(493,990)**	**(430,474)**	**-**	**-**	**-**
Net Statement of financial position exposure	**73,491,288**	**146,000**	**321,832**	**(430,474)**	**1,535**	**3,410**	**1,000**
Off statement of financial position items							
- Outstanding letters of credit	(41,691,000)	-	(150,000)	-	-	-	-
Net exposure	**31,800,288**	**146,000**	**171,832**	**(430,474)**	**1,535**	**3,410**	**1,000**

	30 June 2023						
Assets	Rupees	JPY	US Dollars	CNY	Euro	Pound	Aus. Dollars
Cash and bank balances	225,331,625	146,000	379,106	-	1,535	3,410	1,000
Advances to suppliers	1,520,731	-	5,310	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	-
	226,852,356	146,000	384,416	-	1,535	3,410	1,000
Liabilities							
Contract liabilities	(1,714,617)	-	(5,987)	-			
Trade and other payables	(178,360,448)	-	(482,676)	(1,010,570)	-	-	-
	(180,075,065)	-	(488,663)	(1,010,570)	-	-	-
Net Statement of financial position exposure	46,777,291	146,000	(104,247)	(1,010,570)	1,535	3,410	1,000
Off statement of financial position items							
- Outstanding letters of credit	(997,797)	-	(3,484)	-	-	-	-
Net exposure	45,779,494	146,000	(107,731)	(1,010,570)	1,535	3,410	1,000

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The following significant exchange rates were applied during the period:

	Reporting date rate		Average rate	
	31 March 2024	30 June 2023	**31 March 2024**	30 June 2023
US Dollars	**277.94**	286.39	**285.06**	247.90
Euro	**299.55**	313.07	**308.89**	260.36
UAE Dirham	**75.69**	77.97	**77.66**	67.54
Pounds	**350.78**	365.01	**358.80**	299.06
JPY	**1.84**	2.04	**1.94**	1.81
Australian dollars	**180.92**	185.74	**186.80**	166.96
CHF	**307.95**	320.16	**323.70**	265.09
CNY	**38.49**	39.71	**39.56**	35.66

39.3.1.4 Sensitivity analysis

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

	Profit or loss	
	31 March 2024	30 June 2023
	Rupees	Rupees
Statement of profit or loss	**(7,349,129)**	(4,677,729)

A 10% weakening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

39.3.1.5 Currency risk management

Since the maximum amount exposed to currency risk is only 0.80% (30 June 2023: 2.44%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to foreign currencies will not have any material impact on the operational results.

39.3.2 Interest rate risk

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

	31 March 2024	30 June 2023	**31 March 2024**	30 June 2023
	Effective rate (in Percentage)		**Rupees**	Rupees
Financial assets				
Cash at bank - deposit accounts	**11.01% to 20.51%**	12.25% to 19.51%	**52,844,897**	8,428,190
Financial liabilities				
Long term loan - secured	**8.42% to 18.42%**	8.42% to 18.42%	**2,561,785,144**	2,762,972,458
Net			**2,614,630,041**	2,771,400,648

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss for the period by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 30 June 2023.

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	Profit or loss	
	100 bps Increase	100 bps Decrease
As at 31 March 2024	----- Rupees -----	
Cash flow sensitivity - Variable rate financial assets	26,146,300	(26,146,300)
As at 30 June 2023		
Cash flow sensitivity - Variable rate financial liabilities	27,714,006	(27,714,006)

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

39.3.2.1 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

39.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to equity price risk because of investments held by the Company in mutual funds and classified in the interim statement of financial position at fair value through profit or loss. To manage its price risk arising from investments, the Company diversifies its portfolio within the eligible stocks/ funds in accordance with the risk investment guidelines approved by the investment committee.

39.4 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.

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

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

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

39.4.1 Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

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

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

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

	Carrying Amounts				Fair Value		
	Fair Value through profit or loss	Financial Assets Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees						
31 March 2024							
Financial assets at fair value							
Short term investments	37,446,668	-	-	37,446,668	37,446,668	-	-
Financial assets at amortized cost							
Long term deposits	-	7,827,000	-	7,827,000	-	-	-
Trade debts - considered good	-	231,394,239	-	231,394,239	-	-	-
Deposits and other receivables	-	98,057,837	-	98,057,837	-	-	-
Cash and bank balances	-	346,020,506	-	346,020,506	-	-	-
	-	683,299,582	-	683,299,582	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	644,347,766	644,347,766	-	-	-
Long term loan - secured	-	-	2,561,785,144	2,561,785,144	-	-	-
Accrued mark-up	-	-	31,073,835	31,073,835	-	-	-
	-	-	3,237,206,745	3,237,206,745	-	-	-

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	Carrying Amounts				Fair Value		
	Fair Value through profit or loss	Financial Assets Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	---------- Rupees ----------						
30 June 2023							
Financial assets measured at fair value							
Short term investments	147,385,823	-	-	147,385,823	147,385,823	-	-
Financial assets not measured at fair value							
Long term deposits	-	4,827,000	-	4,827,000	-	-	-
Trade debts - considered good	-	93,812,070	-	93,812,070	-	-	-
Deposits, prepayments and other receivables	-	38,666,073	-	38,666,073	-	-	-
Cash and bank balances	-	255,442,363	-	255,442,363	-	-	-
	-	392,747,506	-	392,747,506	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	-	-	364,184,303	364,184,303	-	-	-
Long term loan - secured	-	-	2,762,972,458	2,762,972,458	-	-	-
Accrued mark-up	-	-	43,827,494	43,827,494	-	-	-
	-	-	3,170,984,255	3,170,984,255	-	-	-

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39.5 **Capital management**

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

The Company's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

	Unit	**31 March 2024**	30 June 2023
Total debt	*Rupees*	**2,561,785,144**	2,762,972,458
Total Equity	*Rupees*	**2,288,257,233**	1,974,205,491
Total capital employed	*Rupees*	**4,850,042,377**	4,737,177,949
Gearing	*Percentage*	**53%**	58%

Total debt comprises of long term loans from banking company.

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

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

40 **Events after the reporting date**

There are no subsequent events occurring after the reporting period.

41 **General**

41.1 Figures have been rounded off to the nearest rupee.

41.2 These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 - July - 2024.

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a. K. waheed.

Lahore **Chief Executive Officer** **Chief Financial Officer** **Director**