

**METATECH TRADING  
LIMITED**

**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

## AUDITORS' REPORT

To the members of Metatech Trading Limited  
Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **METATECH TRADING LIMITED** (the Company), which comprise the statement of financial position as at June 26, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from July 01, 2023 to June 26, 2024 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 26, 2024, and of its financial performance and its cash flows for the period from July 01, 2023 to June 26, 2024 in accordance with the applicable financial reporting framework for the purpose as stated in Note 2.1 of the financial statements.

### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of 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.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 2.1 to the financial statements, which describes the basis of accounting along with the purpose of preparing these financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with basis of accounting described in Note 2.1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Usman Shah, ACA.

LAHORE:

08 JUL 2024

*Kreston Hyder Bhimji*  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

**METATECH TRADING LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 26, 2024**

	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>CURRENT ASSETS</b>			
Other receivables	4	-	469,688
Tax refunds due from the Government - income tax		287,931	297,931
Cash in hand		-	50,000
		287,931	817,619
<b>TOTAL CURRENT ASSETS</b>		<u>287,931</u>	<u>817,619</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital	5	600,000,000	600,000,000
Issued, subscribed and paid-up-capital	5	74,324,250	74,324,250
Accumulated loss		(79,947,886)	(76,270,497)
		(5,623,636)	(1,946,247)
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	6	5,911,567	763,624
Accrued markup on short term loan		-	2,000,242
		5,911,567	2,763,866
Contingencies and commitments	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>287,931</u>	<u>817,619</u>

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

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**METATECH TRADING LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b><u>Continuing operations</u></b>			
Net Revenue	8	800,000	509,500
Less: Cost of revenue	9	(595,000)	(459,500)
Gross profit		205,000	50,000
Operating expenses			
Administrative and general expenses	10	(5,402,943)	(84,382,468)
Operating loss		(5,197,943)	(84,332,468)
Finance cost on short term loan		-	(915,365)
Other income	11	1,530,554	24,864,901
Net loss before taxation		(3,667,389)	(60,382,932)
Provision for taxation	12	(10,000)	(6,369)
Net loss from continuing operations after taxation		(3,677,389)	(60,389,301)
<b><u>Discontinued operation</u></b>			
Loss from discontinued operation before taxation	13.1	-	(12,277,102)
Provision for taxation		-	(2,076,274)
Loss from discontinued operation after taxation		-	(14,353,376)
Loss for the year		(3,677,389)	(74,742,677)
Loss per share - basic and diluted	14	(0.49)	(10.06)
Loss per share - basic and diluted (from continuing operations)	14	(0.49)	(8.13)

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**METATECH TRADING LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

	June 26, 2024 Rupees	June 30, 2023 Rupees
Net loss after taxation	(3,677,389)	(74,742,677)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(3,677,389)</u>	<u>(74,742,677)</u>

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

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CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR


**METATECH TRADING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

	Issued, subscribed and paid-up capital	Unappropriated profit / (accumulated loss)	Total
	----- Rupees -----		
Balance as at June 30, 2022	16,335,000	56,461,430	72,796,430
<b>Transactions with owners</b>			
Bonus shares issued during the year	57,989,250	(57,989,250)	-
Total comprehensive loss for the year			
Loss for the year after taxation	-	(74,742,677)	(74,742,677)
Other comprehensive income	-	-	-
	-	(74,742,677)	(74,742,677)
Balance as at June 30, 2023	<u>74,324,250</u>	<u>(76,270,497)</u>	<u>(1,946,247)</u>
<b>Transactions with owners</b>			
Total comprehensive loss for the period			
Loss for the period after taxation	-	(3,677,389)	(3,677,389)
Other comprehensive income	-	-	-
	-	(3,677,389)	(3,677,389)
Balance as at June 26, 2024	<u>74,324,250</u>	<u>(79,947,886)</u>	<u>(5,623,636)</u>

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**


**METATECH TRADING LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>CASH FROM OPERATING ACTIVITIES</b>			
Net loss before taxation	15	(3,667,389)	(72,660,034)
Adjustments for non cash and other items:			
Depreciation		-	528,328
Profit on investment / deposits	13.1	-	(2,145,737)
Gain on adjustment of investment against sukuk proceeds		-	(10,623,863)
Share of profit from associated company		-	(2,376,137)
Finance cost on short term loan		-	915,365
Old credit balances / liabilities written back	11	(1,530,554)	(22,719,164)
Operating loss before working capital changes		(5,197,943)	(109,081,242)
(Increase) / decrease in current assets:			
Advances, deposits, prepayments and other receivables		-	33,406,937
Increase / (decrease) in current liabilities:			
Accrued and other liabilities		5,147,943	763,623
Cash used in operations		(50,000)	(74,910,682)
Income tax paid		-	(2,235,005)
<b>Net cash used in operating activities</b>		(50,000)	(77,145,687)
<b>CASH FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		-	(14,555,963)
Proceeds from transfer of property and equipment		-	14,027,635
Proceeds from the discontinued operations / disposal group		-	469,688
Profit on investment / deposits		-	2,145,738
Dividend income received from ex-associated company		-	13,000,000
<b>Net cash generated from investing activities</b>		-	15,087,098
<b>CASH FROM FINANCING ACTIVITIES</b>			
Repayment of short term loan - related party		-	(82,495,876)
<b>Net cash used in financing activities</b>		-	(82,495,876)
Net decrease in cash and cash equivalents		(50,000)	(144,554,465)
Cash and cash equivalents at beginning of the period		50,000	144,604,465
Cash and cash equivalents at end of the period		-	50,000

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**



**METATECH TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JULY 01, 2023 TO JUNE 26, 2024**

**1 NATURE AND STATUS OF BUSINESS**

The Company was incorporated in Pakistan in 1953 as a public Limited Company and its shares were listed on the Karachi (now Pakistan) Stock Exchange. The Company had long become a dormant Company due to closure of its plant and disposal of manufacturing facilities in 2010. In order to revive the company, the Board of Directors had approved a revival plan and decided the principal business of the Company to operate in the technology-enabled healthcare business & services and also changed its registered office. The Company's registered office is now situated at 508, 5th Floor, LSE Building, Aiwan-e-Iqbal, Lahore.

Towards the endeavor of implementation of revival plan of the company, the Modaraba Al Mali, ex-associated concern of the company, which was also driven with the ideology and charter of reviving the dormant / sick companies and specialized in the business of restructuring / rehabilitation of listed shell companies through the utilization of its entrepreneurial and financial resources having sufficient regulatory experience, had acquired 29.99% of the shareholding of the company for a consideration of Rs. 25,000,000 from its previous sponsors and became an associated undertaking of the company. As part of share purchase agreement entered with previous sponsors of the company, the Modaraba also appointed some of the independent persons having technical and financial background on the Board of the company to take strategic operating and financial decisions of the company for the implementation of its revival plan. In pursuance of revival of company's business, the management of Modaraba had taken over all the assets of the company free from all encumbrances and incurred all necessary regulatory and corporate expenses for the revival of the company and to embark a new business venture in the corporate world.

Despite of the efforts of the management of the Modaraba for the revival of company's business, the company's project of dental aligners didn't prove to be a profitable venture and had started suffering losses majorly owing to exorbitantly increased unavoidable costs in connection with the exploration of business channels for the company's unique and specialized project, adverse economic conditions in the market and destabilized government policies. As a result, the Board of Directors of the company had decided to sale and transfer the business operations of Ensmile Studio Business being managed by the company to Modaraba Al Mali with the approval of members of the Company in their Extraordinary General Meeting held on March 24, 2023 for a purchase consideration of Rs. 0.470 million and at that date all the net assets of the company were taken over by the Modaraba Al Mali. Subsequently, the management of the company then decided to change the principal line of business of dealing in healthcare products and to engage in trading of general consumer products.

1.2 On June 14, 2023, the Board of Directors of the Company in their meeting had also decided a plan for the merger of the company with/into Big Bird Foods Limited subject to the approval of plan by the members of the company in their EOGM held on July 31, 2023. Accordingly, the proposed plan for the merger scheme of the company was approved by the members of the company in the above said EOGM. Under the approved plan of merger of the company with/into Big Bird Foods Limited, the net assets as were appearing in the audited financial statements of the Modaraba for the period ended March 31, 2023 are to be acquired by the Big Bird Foods Limited under a swap ratio of 0.24:1 i.e. 0.24 shares of Big Bird Foods Limited representing 1,812,787 shares to be issued to the shareholders of the company against every one share previously held in the company representing 7,432,425 shares. The net assets of the Company that are to be merged with/into Big Bird Foods Limited under the approved intended scheme of merger amounted to Rs. 2,692,468 as per its latest available audited financial statements for the period ended March 31, 2023.

Towards the endeavor of merger of the company, a petition for the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger (in terms of provisions of Sections 279 To 283 and all other enabling provisions of The Companies Act, 2017) had been duly filed with Honorable Lahore High Court on June 26, 2023 for its approval and to determine the SWAP ratio under the Scheme after the completion of all related corporate and legal formalities in this regard. On July 04, 2023, the Honorable High Court Lahore had ordered for the execution of merger proceedings and holding of EOGM of members of the company. The effective date of the Scheme is March 24, 2023 or as approved by the Honorable Lahore High Court. Pursuant to the order of the Honorable High Court Lahore, the Board of Directors of the Company had arranged the holding of Extraordinary General Meeting (EOGM) of the Company and accordingly the members of the Company had approved the proposed plan for merger of the Company with/into Big Bird Foods Limited as well as the SWAP ratio as determined by the Board of Directors of the Company in their EOGM held on July 31, 2023. Upon the completion of merger / amalgamation of the company with/into Big Bird Foods Limited through the intended Scheme, the company will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the shares of Big Bird Foods Limited shall be issued to the registered members / shareholders of the company. However, till the date of sanctioned order of the Honorable Lahore High Court, the company was stated to continue its trading business.

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On June 26, 2024, the Honorable High Court Lahore had passed an order for the merger of the Company with/into Big Bird Foods Limited with immediate effect. The sanctioned date of the Court order is June 26, 2024 which is the date of transfer / merger of the net assets of the Company with/into Big Bird Foods Limited and execution of all necessary legal formalities in this regard. As a consequence of merger, the Company is stand dissolved and all its share certificates shall stand cancelled and its listing status is being transferred to Big Bird Foods Limited.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

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

These financial statements have been prepared for the purpose of onward transfer / merger of net assets of the Company with/into Big Bird Foods Limited as required by the order of Honorable High Court Lahore. As per clause IX(ii) of the Scheme of merger, the merging entity; Company is required to prepare its financial statements for the period from July 01, 2023 to June 26, 2024. Hence, these financial statements have been extracted to comply with the particular requirements of the Scheme of merger. The surviving entity; Big Bird Foods Limited shall prepare its annual financial statements for the year ended June 30, 2024 as per the requirements of the applicable reporting framework.

### **2.2 BASIS OF MEASUREMENT**

These financial statements have been prepared under the net realizable value basis without taking into account any adjustments for the effects of inflation and the following material items in the statement of financial position are measured at values other than historical cost. These are as under:

- o Receivables which are carried at value determined after the provision of impairment under expected credit loss approach;
- o Certain financial instruments which are carried at their fair value in accordance with IFRS 9;
- o Deferred tax assets are recognized at amounts in accordance with IAS 12;
- o Provisions are recognized at amounts reflecting the best estimate and contingencies are disclosed in accordance with IAS 37.

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

### **2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

ii) Income tax

iv) Expected allowance for trade and other receivables

### **2.4 FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates. Accordingly, these financial statements are presented in Pakistani Rupees, which is the company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee, unless otherwise stated.

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## 2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

2.5.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2023. However, these do not have any significant impact on the Company's financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that became effective during the period:

The following standards, amendments and interpretations are effective for the period ended June 26, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective for the period beginning on or after
IAS-1 Presentation of Financial Statements and Accounting Policies -Amendments regarding the classification of liabilities.	January 1, 2023
IAS-1 The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.	January 1, 2023
IAS-8 Accounting Policies, changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates).	January 1, 2023
IAS-12 Income Taxes (The amendments to narrow the scope of the initial recognition exemption).	January 1, 2023
IAS-7 Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach.	January 1, 2023
IFRS 7 Financial Instruments	January 1, 2023

2.5.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard or Interpretation	Effective for the period beginning on or after
IFRS-16 Leases (Amendments)	January 01, 2024
IAS-21 The effects of Changes in Foreign Exchange Rates - Lack of exchangeability - Amendments	January 01, 2025
IFRS-17 Insurance contracts	January 01, 2025
IFRS-10 Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures / IAS-28 (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	Deferred indefinitely

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

2.5.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 26, 2024;

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service Concession Arrangements

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Taxation

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), and in which case the tax amounts are recognized directly in in other comprehensive income or equity.

##### a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using the prevailing tax rates to the profit for the period after taking into account tax credits, rebates and exemptions, if any. Payable tax is higher of normal tax at corporate tax rate applied to taxable income; or minimum taxation at the rate of 1.25% of the turnover or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws. For the income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

##### b) Deferred

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

Deferred tax liability is recognized for all the taxable temporary differences. Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the financial position date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is charged or credited in the income statement, except in the case of items directly credited or charged to comprehensive income or equity, in which case it is included in other comprehensive income or equity. Impact of future income subject to final taxation is also considered in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

##### Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank.

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### 3.3 Accrued liabilities and other payables

Liabilities for accrued and other amounts payable are carried at cost in the statement of financial position which is the fair value of the consideration to be paid in future for goods and services received / hired, whether or not billed to the company. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities.

### 3.4 Financial instruments

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

#### Financial assets at amortized cost

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

#### Financial assets at fair value through other comprehensive income

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

#### Financial assets at fair value through profit or loss

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

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

#### Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

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

#### 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 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 statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise contractual trade and other payables, short term loan and accrued markup.

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### **Derecognition**

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

### **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

### **3.5 Impairment of financial assets**

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

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

- (a) Debt securities that are determined to have low credit risk at the reporting date;
- (b) Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- (c) Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 months 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.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect 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.

### **3.6 Related party transactions**

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

### **3.7 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

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### 3.8 Revenue recognition

#### ***Sale of goods***

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customers. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of taxes, returns, rebates, discounts and other allowances.

#### ***Interest income***

Profit on bank deposits are recognized on time proportionate basis using the effective rate of interest.

#### ***Other income***

Miscellaneous income is recognized on accrual basis and dividend income is recognized when the right to receive payment is established.

### 3.9 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

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

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Company. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

### 3.10 Earning per share (EPS)

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

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

### 3.11 Segment information

Segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Company's entire product portfolio and considers the business to have a multiple operating segments. The Company's asset allocation decisions are based on an integrated investment strategy and the Company's performance is evaluated on an overall basis.

### 3.12 Equity and reserves

Ordinary shares issued represent the equity and are recorded at face value. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits, if any. Unappropriated profit - retained earnings include all current and prior period retained profits.

### 3.13 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

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	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>4 OTHER RECEIVABLES</b>			
Modaraba Al Mali - ex associated undertaking	4.1	-	469,688

4.1 This represented an amount receivable from Modaraba Al Mali as purchase consideration payable by it to the company against the transfer of all the related assets and liabilities of the company as decided and approved by the members of the company in their EOGM held on March 24, 2023 as disclosed in Note 1 of these financial statements. This balance has been adjusted during the year against the amount of markup payable to the said party, which has also been written back and credited to the statement of profit or loss as disclosed in Note 11.2 of these financial statements.

#### 5 SHARE CAPITAL

##### Authorized capital

5.1	60,000,000 Ordinary shares of Rs. 10 each	<u>600,000,000</u>	<u>600,000,000</u>
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##### 5.2 Issued, subscribed and paid up capital

The reconciliation of shares at the beginning and end of the year is as follows:

<u>(Number of shares)</u>				
June 26, 2024	June 30, 2023		June 26, 2024	June 30, 2023
7,432,425	1,633,500	Balance as at July 01,	74,324,250	16,335,000
-	5,798,925	Bonus shares issued during the year	-	57,989,250
<u>7,432,425</u>	<u>7,432,425</u>	Balance as at June 26 / June 30,	<u>74,324,250</u>	<u>74,324,250</u>

5.3 The breakup of the issued, subscribed and paid-up share capital is as follows:

<u>(Number of shares)</u>				
June 26, 2024	June 30, 2023		June 26, 2024	June 30, 2023
1,034,500	1,034,500	Ordinary shares of Rs. 10 each issued for cash	10,345,000	10,345,000
170,000	170,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	1,700,000	1,700,000
6,227,925	6,227,925	Ordinary shares of Rs. 10 each issued as fully paid-up bonus shares	62,279,250	62,279,250
<u>7,432,425</u>	<u>7,432,425</u>		<u>74,324,250</u>	<u>74,324,250</u>

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	June 26, 2024	June 30, 2023
Note	Rupees	Rupees
<b>6 ACCRUED AND OTHER LIABILITIES</b>		
Accrued liabilities	928,623	763,624
Payable to LSE Capital Limited	4,982,944	-
	<u>5,911,567</u>	<u>763,624</u>
6.1 This represents balance amount payable to the above-named company, an ex associated company, for the expenses borne by it in connection with the company's corporate and regulatory affairs.		
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
There were no contingent liabilities and commitments at the reporting date. (June 30, 2023: Nil).		
<b>8 NET REVENUE</b>		
Revenue from trading activities	<u>800,000</u>	<u>509,500</u>
<b>9 COST OF REVENUE</b>		
Purchase of consumer products for trading	<u>595,000</u>	<u>459,500</u>
<b>10 ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Fees and subscription	-	3,396,161
Legal and professional charges	10.1 -	67,414,184
Auditors' remuneration	10.2 165,000	450,000
Other expenses	10.3 5,237,943	-
Other debit balances written off	-	13,122,123
	<u>5,402,943</u>	<u>84,382,468</u>
10.1 These includes an amount of Rs. Nil (June 30, 2023: Rs. 27.504 million) paid to Modaraba Al Mali, an ex associated undertaking, on account of expenses incurred by it on behalf of the company for its revival and mainly includes fee to lawyers, valuation exercise, corporate and regulatory charges of SECP, fees paid to PSX and CDC as well as charges for the financial advisory and underwriting services. It also includes expenses of Rs. Nil (June 30, 2023: Rs. 34.346 million) incurred by Modaraba Al Mali on behalf of the company in connection with its revival of business.		
<b>10.2 Auditors' remuneration</b>		
<b>Audit services</b>		
Statutory audit fee	-	200,000
Review report on statement of compliance with the Code of Corporate Governance	-	50,000
Special audit fee	55,000	100,000
Half yearly review fee	110,000	50,000
<b>Non-audit services</b>		
Certification fee	-	50,000
	<u>165,000</u>	<u>450,000</u>
10.3 This represents an amount incurred / expenses borne by the LSE Capital Limited, an ex-associated company in connection with the carrying out of various legal formalities, corporate functions and regulatory affairs of the company.		

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	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>11 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on investment / deposits	11.1	-	2,145,737
<b>Income from non-financial assets / others</b>			
Old credit balances / liabilities written back	11.2	1,530,554	22,719,164
		<u>1,530,554</u>	<u>24,864,901</u>
11.1 This represents income earned from shariah compliant arrangements.			
11.2 This represents the reversal of excess provisions and liabilities on account of the following:			
Markup payable to Modaraba Al Mali	4.1	1,530,554	-
Liabilities against claims and settlements		-	22,719,164
		<u>1,530,554</u>	<u>22,719,164</u>
<b>12 TAXATION</b>			
<b>Continuing operations</b>			
<b>Current tax</b>			
- minimum tax	12.1	10,000	6,369
<b>Deferred tax</b>			
- for the year		-	-
		<u>10,000</u>	<u>6,369</u>
<b>Discontinued operations</b>			
<b>Current tax</b>			
- minimum tax	12.1	-	126,274
- Presumptive tax on dividend	12.1	-	1,950,000
		<u>-</u>	<u>2,076,274</u>

12.1 Since the company has suffered a loss before taxation and had carried forward taxable losses amounting to Rs. 88.799 million (June 30, 2023: Rs. 86.933 million), therefore no provision for taxation under normal tax regime and Alternative corporate tax regime is applicable in the instant case. Accordingly, provision for taxation is computed under the minimum tax regime for local sales. The company had also recognized provision for taxation under presumptive tax on dividend income earned during the last year at applicable tax rates.

As the company has recognized provision for taxation under minimum tax regime during the year therefore, reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not applicable in the instant case.

The income tax returns of the Company have been filed up to the financial year ended June 30, 2023 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by taxation authorities.

12.2 Deferred tax income in respect of deductible temporary differences on account of unused losses have not been recognized in these financial statements as it is not probable that future taxable profits will be available in the foreseeable future against which the taxable losses will be reversed coupled with facts that the company is being merged with Big Bird Foods Limited as disclosed in Note 1 of these financial statements. The unrecognized deferred tax assets and corresponding deferred tax income amounting to Rs. 25.752 million (June 30, 2023: Rs. 25.211 million) have been computed by applying the applicable tax rates to the deductible temporary differences in respect of unused tax losses pertaining to the discontinued operations of the company.

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### 13 ANALYSIS OF PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

The results of the discontinued operation (i.e. Operations and Management of Ensmile's Digital Dental Aligners Studios in Pakistan) included in the statement of profit or loss for the current period as well as last year are set out below.

Discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the entity and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.

	<u>Note</u>	<u>June 26, 2024 Rupees</u>	<u>June 30, 2023 Rupees</u>
<b>13.1 Results of discontinued operation</b>			
<b>Income</b>			
Net revenue		-	10,101,922
Cost of sales	13.1.1	-	(15,641,802)
<b>Gross loss</b>		-	(5,539,880)
Share of profit after tax from associated company		-	2,376,137
Gain on adjustment of investment against sukuk proceeds		-	10,623,863
<b>Total income</b>		-	7,460,120
<b>Expenses</b>			
Salaries and wages		-	5,089,808
Travelling and Conveyance		-	737,028
Utilities		-	49,850
Postage and courier		-	27,562
Printing and stationary		-	52,070
Insurance		-	19,473
Rent, rates and taxes	13.1.2	-	4,520,965
Advertisement		-	7,740,213
Repair and maintenance		-	120,955
Vehicle running expenses		-	200,000
Other expenses		-	800,213
Depreciation on property and equipment		-	379,085
<b>Total expenses</b>		-	(19,737,222)
<b>Results from operating activities</b>		-	(12,277,102)
<b>Taxation</b>	12	-	(2,076,274)
<b>Loss from discontinued operation after taxation</b>		-	(14,353,376)
<b>Loss per certificate - basic &amp; diluted</b>	14	-	(1.93)

#### 13.1.1 COST OF SALES

Purchases - Dental aligners	-	5,975,750
Surgical / dental items and consumables	-	1,575,770
Director's remuneration	-	4,817,600
Salaries and wages	-	2,942,956
Utilities	-	77,390
Other expenses	-	103,093
Depreciation	-	149,243
	-	15,641,802

13.1.2 This includes Rs. Nil (June 30, 2023: Rs. 2,450,000) charged by the associated undertaking Modaraba Al-Mali against the use of rented office premises owned by the Modaraba.

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	Note	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>14 LOSS PER SHARE - BASIC AND DILUTED</b>			
Basic loss per share is worked out as under:			
<b>Continuing operations</b>			
Basic loss per share is worked out as under:			
Loss for the period after taxation (Rs.)		<u>(3,677,389)</u>	<u>(60,389,301)</u>
Weighted average number of ordinary shares outstanding during the period	5.2	7,432,425	7,432,425
Loss per share - basic and diluted (Rs.)		(0.49)	(8.13)
<b>Discontinued operation</b>			
Loss for the period after taxation (Rs.)		-	(14,353,376)
Weighted average number of ordinary shares outstanding during the period	5.2	7,432,425	7,432,425
Loss per share - basic & diluted (Rs.)		-	(1.93)
<b>14.1</b> Diluted loss per share has not been presented as the Company did not have any convertible instruments in issue as at June 26, 2024 and June 30, 2023 which would have any effect on the loss per share if the option to convert is exercised.			

**15 RECONCILIATION OF LOSS BEFORE TAXATION AS PER STATEMENT OF PROFIT OR LOSS WITH STATEMENT OF CASH FLOWS**

Loss before taxation as appearing in statement of profit or loss

Loss from continuing operation before taxation	(3,667,389)	(60,382,932)
Loss from discontinued operation before taxation	-	(12,277,102)
<b>Loss before taxation as appearing in statement of cash flows</b>	<u>(3,667,389)</u>	<u>(72,660,034)</u>

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## 16 OPERATING SEGMENTS

Management has determined the operating segments based on the information presented to the Chief Executive Officer of the Company for allocation of resources and assessment of performance. Reporting structure of the Company is based on this internal management reporting structure. The Company at present has only one segment, which is classified as reportable segment. During the last year, the company had disposed / transferred its entire operations of dental aligners' portfolio to Modaraba Al Mali as disclosed in Note 1 of these financial statements and commenced trading business of consumer products.

### 16.1 Information about reportable segments

Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis:

	June 26, 2024		
	Dental aligners (Discontinued operation)	Trading activity	Total
	-----Rupees-----		
Segment income	-	800,000	800,000
Segment profit before tax	-	205,000	205,000
Segment expenses	-	595,000	595,000
Segment assets	-	-	-
Segment liabilities	313,624	-	313,624

	June 30, 2023		
	Dental aligners (Discontinued operation)	Trading activity	Total
	-----Rupees-----		
Segment income	7,460,120	509,500	7,969,620
Segment profit before tax	(12,277,102)	50,000	(12,227,102)
Segment expenses	(19,737,222)	459,500	(19,277,722)
Segment assets	469,688	-	469,688
Segment liabilities	313,624	-	313,624

### 16.2 Reconciliations of information on reportable segments to the amounts reported in the financial statements

	June 26, 2024 Rupees	June 30, 2023 Rupees
<b>Income</b>		
Total income for reportable segments	800,000	7,969,620
Elimination of discontinued operation	-	(7,460,120)
<b>Combined income</b>	<u>800,000</u>	<u>509,500</u>
<b>Loss before tax</b>		
Segment results before tax	205,000	(12,227,102)
Elimination of discontinued operation	-	12,277,102
Unallocated amounts:		
- administrative expense	(5,402,943)	(84,382,468)
- finance cost	-	(915,365)
- other income	1,530,554	24,864,901
<b>Loss before tax from continuing operations</b>	<u>(3,667,389)</u>	<u>(60,382,932)</u>
<b>Assets</b>		
Total assets for reportable segments	-	469,688
Other unallocated amounts	287,931	347,931
<b>Combined total assets</b>	<u>287,931</u>	<u>817,619</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	313,624	313,624
Other unallocated amounts	5,597,943	2,450,242
<b>Combined total liabilities</b>	<u>5,911,567</u>	<u>2,763,866</u>

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## 17 RELATED PARTY TRANSACTIONS

Related parties include associated companies, directors, key management personnel and employee benefits. Transactions with related parties are carried out at arms' length basis. Outstanding balances and transactions with related parties i.e. remuneration to Chief executive, directors & executives, balance receivable from Modaraba Al Mali and accrued markup on loan from Modaraba Al Mali have already been disclosed in the relevant notes to these financial statements. Other significant transactions carried out with related parties are as follows:

Name of related party	Relationship	Basis of relationship	Nature of transactions	June 26,	June 30,
				2024	2023
				Rupees	Rupees
LSE Capital Limited	Ex-Associated Company	Management Company of Modaraba Al Mali	Expenses borne by the party on behalf of company	5,237,943	-
Ensmile Limited	Ex-Associated Company	Previously 33.33% of the shares held by company	Purchase of dental aligners	-	5,975,750
			Dividend income received	-	13,000,000
			Share of profit from associate	-	2,376,137
Modaraba Al Mali	Ex-Associated Concern	Previously 29.99% of the shares held by company	Expenses borne on behalf of the Company in connection with its revival of business	-	27,504,124
			Markup on loan payable to the party	-	915,365
Digital Custodian Company Limited	Ex-Associated Company	Associated Company of Modaraba Al Mali	Share registrar services	-	99,241
LSE Financial Services Limited	Ex-Associated Company	Associated Company of Modaraba Al Mali	Loan received from the party	-	64,979,500
			Repayment of loan	-	60,000,000
Mr. Sohail Habib	Ex-Director	Ex-Director	Salary paid to the party	-	4,817,600

## 18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregated amounts charged in these financial statements for the year for remuneration, including all benefits to Chief Executive, directors and executives of the company are as follows:

	Chief Executive		Directors		Executives		Total	
	June 26, 2024	June 30, 2023	June 26, 2024	June 30, 2023	June 26, 2024	June 30, 2023	June 26, 2024	June 30, 2023
<b>RUPEES</b>								
Remuneration	-	-	-	4,817,600	-	1,467,200	-	6,284,800
Number of persons	-	1	-	1	-	1	-	3

No remuneration was paid to Chief executive whereas remuneration to only one Director of the company was paid during the last year. No meeting fee was paid to the directors of the company and no compensation is being paid to Non-Executive directors of the company.

In addition to this, a director of the company was also being provided with company's maintained car and reimbursement of fuel expenses on actual basis for official purposes during the tenure of his directorship in last year.

## 19 FINANCIAL RISK MANAGEMENT

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

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company 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, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. The Company's management oversees and monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors are assisted in oversight role by the management. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

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## 19.1 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 on a specified future date. 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 by the competent authorities of the sales and recovery departments with the approval of the BOD. The Company is exposed to credit risk from its operating activities primarily for advances & other receivables, balances with banks and other financial assets. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and / or regions.

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

	June 26, 2024 <u>Rupees</u>	June 30, 2023 <u>Rupees</u>
<b>Carrying amount</b>		
Other receivables	-	469,688
<b>Concentration to credit risks</b>		

However, the company has no risk on account of trade and other receivables and bank balances as the company had already transferred all the balances maintained in current and deposit accounts and balance receivables from other parties to the Modaraba Al Mali as on March 24, 2023 as decided by the members of the company in their EOGM and no financial asset is appearing in the statement of financial position of the company as at June 26, 2024. Accordingly, the company has no credit risk.

## 19.2 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 unfavourable to the Company. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Board of Directors 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 & actual cash flows and matching the maturity profiles of financial assets and liabilities. The management believes the liquidity risk to be low since the company is going to be merged with Big Bird Foods Limited as disclosed in Note 1 of these financial statements and accordingly there is no financial obligation to be performed by the management of the company. Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Financial liabilities	June 26, 2024			
	Contractual Cash Flows			
	Carrying amount	Total	Up to one year	More than one year
	-----Rupees-----			
Trade and other payables	<u>5,911,567</u>	<u>5,911,567</u>	<u>5,911,567</u>	<u>-</u>
	June 30, 2023			
	Contractual Cash Flows			
Financial liabilities	Carrying amount	Total	Up to one year	More than one year
	-----Rupees-----			
Trade and other payables	763,624	763,624	763,624	-
Accrued markup on short term loan	2,000,242	2,000,242	2,000,242	-
	<u>2,763,866</u>	<u>2,763,866</u>	<u>2,763,866</u>	<u>-</u>

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### 19.3 Market risk

Market risk is the risk that the value of the financial instruments fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demands of securities and liquidity in the market. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risks i.e. markup rate risk, currency risk and price equity risk. These are:

#### 19.3.1 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. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term loan payable by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes. The Company's exposure to the interest rate risk arises from the loan it has obtained from Modaraba Al Mali at variable rates. The interest rate risk is mitigated through managing borrowing at optimal levels that are essential to run the business. The company has no outstanding interest bearing financial liability at the reporting date and accordingly the company is not exposed to interest rate risk.

#### 19.3.2 Other price risk

Other price risk is the risk that fair value of the future cash flows of the financial instruments will fluctuate because of the changes in market price (other than arising from the interest and currency risk) whether this changes caused by the factor specific to the financial instruments or its issuer or factors effecting similar financial instruments traded in financial markets. The Company is not exposed to other price risk as the company has no investment in equity instruments listed on the Pakistan Stock Exchange (PSX) or any other instrument whose value is subject to fluctuations in the market at the reporting date.

#### 19.3.3 Currency risk

Currency risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The company is not exposed to such risk since the company has no receivables / payables denominated in foreign currency at the reporting date. Accordingly, the currency risk is minimal.

### 19.4 Financial instruments by category

#### Financial assets as per the statement of financial position

##### At amortized cost

Other receivables

Cash in hand

#### Financial liabilities as per the statement of financial position

##### At amortized cost

Trade and other payables

Accrued markup on short term loan

	June 26, 2024 Rupees	June 30, 2023 Rupees
	-	469,688
	-	50,000
	-	519,688
	5,911,567	763,624
	-	2,000,242
	5,911,567	2,763,866

### 19.5 Fair value of financial assets and liabilities

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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.

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### Fair value hierarchy

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 prices (unadjusted) in active market for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices).
Level 3	Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The Company has not disclosed the fair values of the financial and non-financial assets and liabilities because their carrying amounts are reasonable approximation of fair values at the reporting date. As at June 26, 2024 and June 30, 2023, the Company did not hold any financial and non-financial instruments carried at fair value. Accordingly, disclosure requirements as regards to fair value levels is not applicable to the company in the instant case.

### 19.6 Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the processes, technologies and infrastructure supporting the Company's operation either internally with in the Company or externally to the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal regulatory requirements and generally accepted standards of investments and management behavior. Operation risk arises from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting financial losses and damage to its reputation and generating returns from stake holders.

The primary responsibility for the development and implementation of the controls over operational risk rest with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for the segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with the regulatory and other legal requirements;
- documentations of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where effective.

Senior management will ensure that the Company's staff have adequate training and experience and foster effective communication related to the operational risk management.

### 19.7 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide the shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on the capital, which the Company defines as net profit after taxation divided by total shareholders equity. The Board of Directors also monitors the level of dividend for ordinary shareholders.

The Company manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders and issue new shares. For working capital requirement and capital expenditure, the Company relies substantially on cash generated from operations. The Company is not subject to externally imposed capital requirements.

In order to ensure investor's return on their investment in the company, the BOD measures performance of the company by dividing the operating profit with the capital employed.

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	June 26, 2024 Rupees	June 30, 2023 Rupees
Loss before interest and tax	(3,667,389)	(71,744,669)
Capital employed	(5,623,636)	(1,946,247)
Return on capital employed	65%	3686%

**20 DATE OF AUTHORISATION FOR ISSUE**

08 JUL 2024

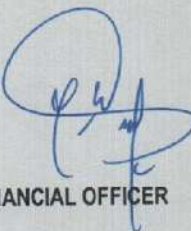
These financial statements were authorized for issue by the Board of Directors of the Company on \_\_\_\_\_.

**21 GENERAL**

- 21.1 The company is not offering any retirement benefits to employees as it does not qualify the minimum criteria for the provision of any retirement benefits to employees as the total number of employees remained below the minimum threshold as laid in "The Industrial and Commercial Establishments (Standing Orders) Ordinance, 1968. Moreover, keeping in view the future prospects of the company as disclosed in Note 1 of these financial statements, all the employees were taken over by Messrs. Ensmile Limited immediately after March 24, 2023. Accordingly no provision for the retirement benefits has been made in these financial statements being not applicable in the instant case.
- 21.2 The company has no permanent or temporary employee at the reporting date (June 30, 2023: Nil).
- 21.3 Since the company is suffering losses, no provision for Workers Profit Participation Fund and charge in respect of Workers' Welfare Fund in line with the requirements of Punjab Workers' Welfare Fund Act, 2019 has been recognized in these financial statements being not applicable in the instant case.
- 21.4 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, no major reclassification was made during the year in the corresponding figures.

*KAR*

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR