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DANEEN PHARMA (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITORS' REPORT

To the members of Daneen Pharma (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Daneen Pharma (Private) Limited (the Company), which comprises of the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and 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 December 2021 and its loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

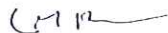
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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





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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


Chartered Accountants

Place: Karachi

Date: 29 June 2022

DANEEN PHARMA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	164,313,237	169,695,486
Long-term deposits	6	1,045,000	1,045,000
		<u>165,358,237</u>	<u>170,740,486</u>
CURRENT ASSETS			
Stock-in-trade	7	68,844,300	57,876,879
Trade debts	8	48,913,030	41,764,765
Advances	9	33,041,113	18,383,424
Trade deposits and short-term prepayments		19,564,111	1,128,244
Taxation - net		6,151,576	4,118,963
Bank balances	10	32,190,759	22,900,530
		<u>208,704,889</u>	<u>146,172,805</u>
TOTAL ASSETS		<u><u>374,063,126</u></u>	<u><u>316,913,291</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 20,000,000 (2020: 20,000,000) ordinary shares of Rs.10/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital	11	500,000	500,000
Revenue reserve - accumulated losses		(320,701,335)	(150,761,524)
Surplus on revaluation of property, plant and equipment	12	35,543,179	35,723,536
		<u>(284,658,156)</u>	<u>(114,537,988)</u>
NON-CURRENT LIABILITIES			
Deferred tax liability - net	13	4,755,541	3,877,280
CURRENT LIABILITIES			
Trade and other payables	14	255,258,793	74,061,051
Due to a related party - unsecured	15	398,706,948	353,512,948
		<u>653,965,741</u>	<u>427,573,999</u>
CONTINGENCIES AND COMMITMENTS			
	16		
TOTAL EQUITY AND LIABILITIES		<u><u>374,063,126</u></u>	<u><u>316,913,291</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements. *Law*


 CHIEF EXECUTIVE


 DIRECTOR

DANEEN PHARMA (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021 ----- Rupees -----	For the year ended 31 December 2020 -----
Revenue	17	615,224,927	198,166,058
Cost of goods sold	18	(357,894,625)	(184,750,202)
Gross profit		<u>257,330,302</u>	<u>13,415,856</u>
Selling and distribution expenses	19	(371,482,147)	(9,302,464)
Administrative expenses	20	(47,039,025)	(39,528,045)
Exchange loss – net		(360,725)	(146,648)
Loss before taxation		<u>(161,551,595)</u>	<u>(35,561,301)</u>
Taxation	21	(8,568,573)	(3,333,910)
Loss for the year		<u>(170,120,168)</u>	<u>(38,895,211)</u>
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u><u>(170,120,168)</u></u>	<u><u>(38,895,211)</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements. 



 CHIEF EXECUTIVE



 DIRECTOR

DANEEN PHARMA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Reserves			Total equity
	Issued, subscribed and paid-up capital	Revenue reserve	Capital reserve	
	Accumulated losses	Surplus on revaluation of property, plant and equipment		
	Rupees			
Balance as at 31 December 2019	500,000	(112,047,377)	35,904,600	(75,642,777)
Loss for the year	-	(38,895,211)	-	(38,895,211)
Other comprehensive income for the year - net of tax	-	-	-	-
Total comprehensive loss for the year	-	(38,895,211)	-	(38,895,211)
Transfer from surplus on revaluation of property, plant and equipment – incremental depreciation for the year – net of deferred tax	-	181,064	(181,064)	-
Balance as at 31 December 2020	500,000	(150,761,524)	35,723,536	(114,537,988)
Loss for the year	-	(170,120,168)	-	(170,120,168)
Other comprehensive income for the year - net of tax	-	-	-	-
Total comprehensive loss for the year	-	(170,120,168)	-	(170,120,168)
Transfer from surplus on revaluation of property, plant and equipment – incremental depreciation for the year – net of deferred tax	-	180,357	(180,357)	-
Balance as at 31 December 2021	500,000	(320,701,335)	35,543,179	(284,658,156)

The annexed notes from 1 to 27 form an integral part of these financial statements. *glw*


 CHIEF EXECUTIVE


 DIRECTOR

DANEEN PHARMA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(161,551,595)	(35,561,301)
Adjustments for:			
Depreciation on operating fixed asset	5.2	13,624,882	12,741,018
Provision for slow moving stock		78,140	-
Operating loss before working capital changes		<u>(147,848,573)</u>	<u>(22,820,283)</u>
Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(11,045,561)	(19,172,044)
Trade debts		(7,148,265)	(7,153,278)
Advances		(14,657,689)	(6,787,302)
Trade deposits and short-term prepayments		(18,435,867)	(366,416)
		<u>(51,287,382)</u>	<u>(33,479,040)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		181,197,742	46,965,826
Cash used in operations		<u>(17,938,213)</u>	<u>(9,333,497)</u>
Taxes paid		(9,722,925)	(4,399,975)
Net cash used in operating activities		<u>(27,661,138)</u>	<u>(13,733,472)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	5.1	(8,242,633)	(5,343,095)
Net cash used in investing activities		<u>(8,242,633)</u>	<u>(5,343,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Due to a related party – net		45,194,000	40,233,258
Net cash generated from financing activities		<u>45,194,000</u>	<u>40,233,258</u>
Net increase in cash and cash equivalent		<u>9,290,229</u>	<u>21,156,690</u>
Cash and cash equivalent at the beginning of the year		22,900,530	1,743,840
Cash and cash equivalent at the end of the year	10	<u><u>32,190,759</u></u>	<u><u>22,900,530</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



 CHIEF EXECUTIVE



 DIRECTOR

DANEEN PHARMA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Daneen Pharma (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 04 December 2017 under the Companies Act, 2017. The primary activity of the Company is the manufacturing and marketing of Pharmaceutical medicines, herbal, body care and other allied products. The geographical location of the registered office of the Company is situated at 44-45/B, Korangi Creek Road, Korangi, Karachi whereas the manufacturing plant of the Company is located at Plot No. 27, Sundar Industrial Estate, Raiwind Road, Lahore. The Company is a subsidiary of Genix Pharma (Private) Limited (the Holding Company) by virtue of 98% shareholding as of reporting date.

1.2 During the year, the Company has incurred a loss before tax amounting to Rs. 161,551,595 and have accumulated losses and negative equity amounting to Rs. 320,701,335 and Rs. 284,658,156 respectively. The adverse situation is due to the fact that the Company is in initial phase of operations. The management expects that the Company will be able to achieve satisfactory levels of profitability in the foreseeable future upon reaching maximum production capacity based on the approved plans.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 and provisions of and directives issued under the Act. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment which are stated at revalued amount.

2.3 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, building, plant and machinery, furniture and fittings, office equipment, and factory equipment thereon, which are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to statement of profit or loss using the straight-line method, other than leasehold land, at the rates given in note 5.1 to the financial statements. Depreciation on additions is charged from the month in which the asset is available for use, whereas no depreciation is charged in the month in which the asset is disposed off. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Normal repairs and maintenance costs are charged to statement of profit or loss as and when incurred, whereas, major renewals are capitalised to the respective values of property, plant and equipment only when such expenditures meet the capitalisation criteria as per the policy.

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

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The resultant impairment loss is recognized in statement of profit or loss.

3.2 Surplus on revaluation of property, plant and equipment

A revaluation surplus is recorded in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in revaluation surplus.

An annual transfer from revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

3.3 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value (NRV) determined as follows:

Raw and packing material	- Weighted average cost.
Work-in-process (self-manufactured and trading goods)	- Cost of direct materials, direct and an appropriate portion of production overheads.
Finished goods (self manufactured and trading goods)	- Standard cost
Stock-in-transit and bonded warehouse	- Invoice price plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated cost necessary to make sale.

3.4 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on management assessment of customers outstanding and credit worthiness. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade Debts and other receivable are written-off when considered irrecoverable.

3.5 Advances, trade deposits and prepayments

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

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3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and balances with banks on current and saving accounts.

3.7 Taxation**Current**

Provision for current taxation is computed on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, or minimum turnover tax or alternate corporate tax whichever is higher in accordance with the provision of the Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided in full using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax relating to items recognized directly in the other comprehensive income or equity is recognized in the other comprehensive income or equity and not in the statement of comprehensive income.

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

Sales tax

Sales tax arising on purchase of assets or services which is not recoverable under Sales Tax Act, 1990, is recognized as part of the cost of acquisition of the assets or as part of the purchase / expense item, as applicable.

3.8 Trade and other payables

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

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3.9 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of profit or loss.

3.10 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. Exchange gains and losses are recognized in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.12 Revenue recognition

Revenue is recognized to the extent that it is possible that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sales is recognized when significant risk and reward is transferred to the customers which usually coincides with the date on which goods are dispatched to the customers.

3.13 Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.14 Share Capital

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

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management make estimates and judgments which are disclosed in relevant notes to the financial statements.

DANEEN PHARMA (PRIVATE) LIMITED

31 December 2021
31 December 2020
Rupees

5	PROPERTY, PLANT AND EQUIPMENT	Note	COST / REVALUED AMOUNT		ACCUMULATED DEPRECIATION			NET BOOK VALUE			
			As at 01 January 2021	Additions	Revaluation / (impairment) (note 5.4)	As at 31 December 2021	As at 01 January 2021	Charge for the year	As at 31 December 2021	As at 31 December 2021 (note 5.3)	Rate of depreciation (%)
5.1	Operating fixed assets	5.1									
	Operating fixed assets										
	Owned										
	Leasehold land		60,000,000	-	-	60,000,000	-	-	60,000,000	-	
	Buildings on leasehold land		81,505,998	-	-	81,505,998	12,629,345	4,071,526	64,805,127	5	
	Plant and machinery		37,078,446	3,345,000	-	40,423,446	10,973,132	4,180,214	25,270,100	10 - 20	
	Furniture and fittings		1,608,992	1,348,875	-	2,957,867	398,978	295,887	2,263,002	14	
	Office equipments		1,238,957	979,677	-	2,218,634	705,171	365,642	1,147,821	20 - 25	
	Factory equipments		13,431,462	2,569,081	-	16,000,543	6,955,391	2,841,847	6,203,305	20	
	Vehicles		9,348,830	-	-	9,348,830	2,855,182	1,869,766	4,623,882	20	
			<u>204,212,685</u>	<u>8,242,633</u>	<u>-</u>	<u>212,455,318</u>	<u>34,517,199</u>	<u>13,624,882</u>	<u>164,313,237</u>		

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DANEEN PHARMA (PRIVATE) LIMITED

	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION			NET BOOK VALUE		
	As at 01 January 2020	Additions	Revaluation / (impairment) (note 5.4)	As at 31 December 2020	As at 01 January 2020	Charge for the year	As at 31 December 2020	As at 31 December 2020 (note 5.3)	Rate of depreciation (%)
Owned									
Leasehold land	60,000,000	-	-	60,000,000	-	-	-	60,000,000	-
Buildings on leasehold land	81,505,998	-	-	81,505,998	8,557,819	4,071,526	12,629,345	68,876,653	5
Plant and machinery	33,917,946	3,160,500	-	37,078,446	7,041,302	3,931,830	10,973,132	26,105,314	10 - 20
Furniture and fittings	933,697	675,295	-	1,608,992	250,363	148,615	398,978	1,210,014	14
Office equipments	1,010,757	228,200	-	1,238,957	447,139	258,032	705,171	533,786	20 - 25
Factory equipments	12,152,362	1,279,100	-	13,431,462	4,494,142	2,461,249	6,955,391	6,476,071	20
Vehicles	9,348,830	-	-	9,348,830	985,416	1,869,766	2,855,182	6,493,648	20
	<u>198,869,590</u>	<u>5,343,095</u>	<u>-</u>	<u>204,212,685</u>	<u>21,776,181</u>	<u>12,741,018</u>	<u>34,517,199</u>	<u>169,695,486</u>	

	For the year ended 31 December 2021	For the year ended 31 December 2020
	7,474,371	6,746,644
	94,885	4,345
	6,055,626	5,990,029
	<u>13,624,882</u>	<u>12,741,018</u>

5.2 The depreciation charge for the year has been allocated as under:

	Note	Rupees
Cost of goods sold	18	7,474,371
Selling and distribution expenses	19	94,885
Administrative expenses	20	6,055,626
		<u>13,624,882</u>

5.3 It includes assets purchased from Genix Pharma (Private) Limited, Holding Company amounting to Rs. 154,444,867/- at net book value.

5.4 On 4 April 2018, the Company had carried out the revaluation of operating fixed assets through an independent valuer accredited by the State Bank of Pakistan, Sipra & Company (Private) Limited, which had resulted in revaluation surplus net of deferred tax liability of Rs. 36,221,463. The fair values were determined with reference to market based evidence, based on relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

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5.5 Had the revaluation not taken place, the carrying amount of revalued assets under cost model would have been:

	31 December 2021	31 December 2020
	----- Rupees -----	
Leasehold land	25,000,000	25,000,000
Building	68,408,924	72,706,867
Plant and machinery	24,635,055	25,358,446
Furniture and fittings	2,253,386	1,191,054
Office equipment	1,116,593	522,587
Factory equipment	6,093,772	6,234,033
	127,507,730	131,012,987

5.6 Forced sale value as per the latest available revaluation report as of 30 June 2018 of leasehold land, buildings and plant and machinery is Rs. 48,000,000, Rs. 60,055,013 and Rs. 28,035,000/- respectively.

6 LONG-TERM DEPOSITS 6.1 1,045,000 1,045,000

6.1 This represents deposits given to Sui Northern Gas Pipelines Limited.

7 STOCK-IN-TRADE

Raw and packing material			
- In hand		38,961,261	22,610,612
- In-transit		844,560	4,991,938
		39,805,821	27,602,550
Work in process		10,809,161	9,392,299
Finished goods	7.1	18,622,966	21,197,538
Provision for slow moving / expired stock	7.2	(393,648)	(315,508)
		68,844,300	57,876,879

7.1 Includes stock-in-trade costing Rs. 3.227 million (2020: nil) which has been written down to its net realizable value (NRV) amounting to Rs. 1.908 million (2020: nil).

7.2 Provision for slow moving / expired stock

Opening balance		315,508	-
Charge for the year		78,140	315,508
		393,648	315,508

8 TRADE DEBTS

Unsecured, considered good 8.1 48,913,030 41,764,765

8.1 This represents amount receivable from the Holding Company, Genix Pharma (Private) Limited, amounting to Rs. nil (2020: Rs. 39,279,014)

8.2 The maximum amount outstanding from the related party (the Holding Company) at any time during the year calculated by reference to month end balances is Rs. 64,748,712 (2020: Rs. 58,685,915).

	31 December 2021	31 December 2020
	----- Rupees -----	

9 ADVANCES

Suppliers		19,420,068	17,659,917
Others		13,621,045	723,507
		33,041,113	18,383,424

10 BANK BALANCES

Current accounts - local currency		32,190,759	22,900,530
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11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2021	2020	31 December 2021	31 December 2020
	Number of shares		----- Rupees -----	
	<u>50,000</u>	<u>50,000</u>	<u>500,000</u>	<u>500,000</u>
	Ordinary shares of Rs. 10 each fully paid in cash (note 11.1)			
11.1	Holding Company has subscribed and paid up capital of 49,000 shares of Rs. 10/- each and sponsors / directors have subscribed and paid up capital of 500 shares each of Rs. 10/- each through Memorandum of Association of the Company.			
11.2	Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.			

12 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance	35,723,536	35,904,600
Incremental depreciation:		
Gross	(254,024)	(255,020)
Deferred tax	73,667	73,956
	(180,357)	(181,064)
Closing balance	<u>35,543,179</u>	<u>35,723,536</u>

13 DEFERRED TAXATION - NET

Deferred tax credits resulting from:

Accelerated tax depreciation	4,647,837	3,581,751
Surplus on revaluation of property, plant and equipment	221,862	295,529
	<u>4,869,699</u>	<u>3,877,280</u>

Deferred tax debit resulting from:

Provision for slow moving stock	(114,158)	-
	<u>4,755,541</u>	<u>3,877,280</u>

14 TRADE AND OTHER PAYABLES

Trade payables	14.1	117,482,524	32,162,915
Accrued liabilities		103,472,913	39,867,739
Withholding tax payable		1,191,075	569,058
Provident fund	14.2	6,798,184	921,332
Advance from customer	14.3	26,314,097	540,007
		<u>255,258,793</u>	<u>74,061,051</u>

14.1 This includes payable amounting to Rs. 105,526,686 (2020: 18,945,064) to Holding company with respect to purchase of stock-in-trade.

14.2 Provident fund

Opening balance	921,332	921,332
Contribution for the year	5,778,528	-
Interest on funds utilised in Company's business	358,642	-
	<u>7,058,502</u>	<u>921,332</u>
Payments made during the year	(260,318)	-
Closing balance	<u>6,798,184</u>	<u>921,332</u>

The investment out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017.

14.3 This includes advance amounting to Rs. 25,530,685 (2020: nil) from Holding company with respect to sale of goods.

DANEEN PHARMA (PRIVATE) LIMITED

15 DUE TO A RELATED PARTY - UNSECURED

Represents interest free amount payable on demand to a related party, Genix Pharma (Private) Limited, in respect of expenditure (both capital and revenue) incurred on behalf of the Company.

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the reporting date.

	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
		----- Rupees -----	
17 REVENUE			
Gross sales		698,807,202	209,599,392
Sales discount		(47,029,638)	(3,326,044)
Sales return		(36,552,637)	(8,107,290)
		<u>615,224,927</u>	<u>198,166,058</u>
18 COST OF GOODS SOLD			
Raw and packing material consumed	18.1	121,787,231	109,831,322
Salaries, wages and other benefits	18.2	35,853,827	33,927,050
Entertainment expenses		613,909	1,178,289
Fees and subscription		65,000	121,000
Freight charges		7,919,575	4,464,786
General expenses		205,590	980,246
Inspection fees		708,829	2,211,865
Legal and professional charges		-	6,000
Printing, stationery and consumables		7,390,022	6,667,196
Registration charges		6,151,200	1,786,640
Repair and maintenance		9,751,105	6,511,612
Provision for slow moving stock	7.2	78,140	315,508
Expired goods written off		16,463,982	2,305,894
Travelling and conveyance		220,147	7,651,174
Utilities		7,783,958	4,904,757
Vehicle running expenses		906,412	877,878
Depreciation on operating fixed asset	5.2	7,474,371	6,746,644
Insurance expense		92,581	118,399
Research and development		12,805,155	4,180,469
		<u>236,271,034</u>	<u>194,786,729</u>
Work-in-process – opening		9,392,299	15,217,405
Less: Work-in-process – closing	7	(10,809,161)	(9,392,299)
Cost of Goods manufactured		<u>234,854,172</u>	<u>200,611,835</u>
Finished goods – opening		21,197,538	5,335,905
Finished goods purchased		120,465,881	-
Less: Finished goods – closing	7	(18,622,966)	(21,197,538)
		<u>123,040,453</u>	<u>(15,861,633)</u>
		<u>357,894,625</u>	<u>184,750,202</u>
18.1 Raw and packing material consumed			
Opening stock		22,610,612	18,145,046
Purchases		138,137,880	114,296,888
		<u>160,748,492</u>	<u>132,441,934</u>
Closing stock	7	(38,961,261)	(22,610,612)
		<u>121,787,231</u>	<u>109,831,322</u>
18.2			
Include Rs. 744,206 in respect of employees' provident fund.			

DANEEN PHARMA (PRIVATE) LIMITED

			For the year ended 31 December 2021	For the year ended 31 December 2020
	Note	----- Rupees -----		
19		SELLING AND DISTRIBUTION EXPENSES		
		Salaries, wages and other benefits	19.1 102,910,943	1,760,776
		Marketing expenses	68,204,496	7,537,343
		Depreciation on operating fixed assets	5.2 94,885	4,345
		Fees and Subscription	133,000	-
		Freight charges	326,665	-
		Printing, stationery and consumables	244,013	-
		Registration charges	80,030	-
		Repair and maintenance	36,800	-
		Travelling and conveyance	109,880,710	-
		Utilities	1,278,889	-
		Vehicle running expenses	1,824,468	-
		Sales incentives	86,467,248	-
			<u>371,482,147</u>	<u>9,302,464</u>
19.1		Include Rs. 1,950,077 in respect of employees' provident fund.		
20		ADMINISTRATIVE EXPENSES		
		Salaries, wages and other benefits	20.1 24,038,982	19,322,291
		Depreciation on operating fixed assets	5.2 6,055,626	5,990,029
		Repair and maintenance	716,827	656,966
		Inspection fees	2,666,500	-
		Utilities	2,378,246	2,178,908
		Rent, rates and taxes	-	397,608
		Travelling and conveyance	713,724	324,007
		Entertainment expenses	2,993,252	1,524,975
		Fees and subscription	44,000	98,870
		Freight charges	-	131,361
		Printing, stationery and consumables	694,347	84,383
		Vehicle running expenses	878,922	719,635
		Donations	20.2 968,075	580,000
		Auditor's remuneration	20.3 311,838	350,000
		Legal and professional charges	757,675	533,460
		Insurance expense	2,908,849	319,457
		Bank charges	704,363	141,805
		Expenses recharged by the Holding Company	-	5,678,502
		General expenses	207,799	495,788
			<u>47,039,025</u>	<u>39,528,045</u>
20.1		Include Rs. 194,981 in respect of employees' provident fund.		
20.2		No directors or their spouses have any interest in any of the donees.		
20.3		Auditor's remuneration		
		Audit fee	250,000	300,000
		Others	61,838	50,000
			<u>311,838</u>	<u>350,000</u>

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DANEEN PHARMA (PRIVATE) LIMITED

	For the year ended 31 December 2021	For the year ended 31 December 2020
	Rupees	
21 TAXATION		
Current	7,690,312	2,972,491
Deferred	878,261	361,419
	8,568,573	3,333,910

22 TRANSACTIONS WITH RELATED PARTIES

22.1 DETAILS OF RELATED PARTIES

Name of a related party	Basis of relationship	Shareholding
Genix Pharma (Private) Limited	Holding Company	98%
Pharma Genix Nigeria	Associate	-
TED Solutions (Private) Limited	Associate	-
Genix Healthcare (Private) Limited	Associate	-
Daneen Beauty (Private) Limited	Associate	-
Anwar Sharif Hospital (Private) Limited	Associate	-
Genix Holdings (Private) Limited	Associate	-

22.2 The related parties of the Company comprise of holding company, companies with common directorship, directors and key management personnel. The transactions with related parties other than those disclosed elsewhere, are as follows:

Relationship	Nature of transactions	For the year ended 31 December 2021	For the year ended 31 December 2020
		Rupees	
Holding Company			
Genix Pharma (Private) Limited	Expenses incurred on behalf of the Company	45,194,004	40,233,258
	Purchases from Holding Company	131,341,125	19,245,312
	Sales to the Holding Company	110,901,440	159,907,690
	Amount received from Holding Company against sales	33,000,000	153,240,163
	Amount paid to Holding Company against purchases	152,700,000	-

22.3 All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The outstanding receivable and payable balances, if any, of the related parties are disclosed in their respective notes to these financial statements.

22.4 Certain employees of the Holding company provided free of cost services to the Company.

23 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and other benefits to the executives of the Company for the year is as follows:

	Chief Executive		Director		Other Executives	
	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020
	Rupees					
Managerial remuneration	4,564,513	4,564,513	4,564,513	4,564,513	14,961,375	5,183,974
House rent	1,615,135	1,615,135	1,615,135	1,615,135	5,294,025	1,834,329
Utilities	386,228	386,228	386,228	386,228	1,265,963	438,644
Medical expenses	456,451	456,451	456,451	456,451	1,496,138	518,397
	7,022,327	7,022,327	7,022,327	7,022,327	23,017,501	7,975,344
Number of persons	1	1	1	1	10	4

24 PLANT CAPACITY AND ACTUAL PRODUCTION

The plant has an annual capacity of 17.95 million (2020: 17.95 million) and utilization during the year was 16.66% (2020: 14%) of total capacity. As the Company is in the initial phase of operations, it is not operating at maximum capacity. However, it is expected that the Company will progress in the future periods.

25 NUMBER OF EMPLOYEES

The total number of employees at the year end were 284 (2020: 92) and average number of employees during the year were 232 (2020: 53).

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 23 JUN 2022 by the Board of Directors of the company.

27 GENERAL

27.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

27.2 Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.



CHIEF EXECUTIVE



DIRECTOR