AIRLINK
YOUR SMART DEVICE PARTNER

QUARTERLY REPORT AS AT SEPTEMBER 30, 2024

VISION

To become a global leader in telecommunication and technology, driving innovation and excellence to establish Pakistan as a recognized technological hub.

MISSION

To enhance connectivity and improve lives through high-quality, affordable products, while driving Pakistan's transformation into a global technological leader. With a steadfast commitment to customer satisfaction, integrity, and excellence, we aim to set industry benchmarks and foster a culture of continuous improvement and innovation.

DIRECTOR'S REPORT

Directors' Report

1. Introduction

The Directors of Air Link Communication Limited are pleased to present the standalone and consolidated financial statements for the three months ended September 30, 2024.

2. Economic Environment

Pakistan's economy has shown positive signs during the first quarter of FY2025, with CPI inflation receding to single digits. In September 2024, CPI inflation dropped to 6.9%, compared to 31.4% in the same month last year. Additionally, the policy rate is gradually declining.

Leveraging these positive trends, Air Link remains actively focused on driving business growth, capitalizing on emerging opportunities, and delivering consistent results that strengthen its competitive position in a rapidly evolving market.

3. Financial Performance

- **Standalone Performance:**
    - Sales recorded to PKR 13,138 million as compare to PKR 14,115 million in the same period last year.
    - Gross profit margin increased to 8.45% from 7.83% as compared to the same period last year.
    - Earnings per share recorded to PKR 0.89 as compare to PKR 1.65 as compare to same period last year.
- **Consolidated Performance:**
    - Sales recorded to PKR 22,052 million as compare to PKR 25,108 million in the same period last year.
    - Consolidated gross profit margin and net profit margin were PKR 2,170 million and PKR 842 million as compared to PKR 1,619 million and PKR 789 million in the same period last year respectively.
    - Consolidated earnings per share recorded to PKR 2.13 from PKR 2.06, representing a growth of 3.43%.

Recent changes in the tax structure on the import and sale of locally assembled mobile phones have impacted the sales volume in the first quarter of FY-2025. However, with CPI inflation dropping to single digit, a gradual reduction in the policy rate, and anticipated new model launches, sales are expected to stabilize and improve in the coming quarters.

4. Future Outlook

The company's management is continuously seeking the best possible strategies to run operations efficiently and effectively under current conditions, ensuring product quality, achieving desired production levels, and meeting business targets.

5. Looking Ahead

The Company is confident that, with continued support from its stakeholders, it will successfully achieve its strategic objectives. These goals likely include key areas such as financial performance, market growth, product innovation, and sustainability initiatives.

6. Acknowledgement

The Board wishes to formally acknowledge and express gratitude to all stakeholders, including the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, State Bank of Pakistan, banks and financial institutions, as well as the Company's customers, vendors, and suppliers, for their ongoing commitment and support. The Board also extends its appreciation to all staff members for their dedication and diligent performance in fulfilling their responsibilities.

Chief Executive Officer

Director

ڈائریکٹرز کی رپورٹ

1. تعارف
ایئر لنک کمیونیکیشن لمیٹڈ کے ڈائریکٹرز کو یہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے کہ انہوں نے 30 ستمبر 2024 کو ختم ہونے والے تین ماہ کے لئے انفرادی اور مشترکہ مالیاتی گوشوارے پیش کیے ہیں۔

2. معاشی صورتحال
مالی سال 2025 کی پہلی سہ ماہی کے دوران پاکستان کی معیشت میں مثبت اشارے دیکھے گئے ہیں، جس میں سی پی آئی افراط زر ایک ہندسے تک کم ہوگئی ہے۔ ستمبر 2024 میں سی پی آئی افراط زر 6.9% تک کم ہوئی، جبکہ پچھلے سال اسی ماہ میں یہ 31.4% تھی۔ مزید برآں، پالیسی ریٹ بھی آہستہ آہستہ کم ہو رہی ہے۔
ان مثبت رحجانات کا فائدہ اٹھاتے ہوئے، ایئر لنک کاروبار میں ترقی کو بڑھانے، ابھرتے مواقع سے فائدہ اٹھانے، اور مسلسل ایسے نتائج فراہم کرنے پر توجہ مرکوز رکھے ہوئے ہے جو تیزی سے ترقی کرتی ہوئی مارکیٹ میں اس کی مسابقتی پوزیشن کو مضبوط کریں۔

3. مالیاتی کارکردگی
- **انفرادی کارکردگی:**
- فروخت PKR 13,138 ملین ریکارڈ کی گئی جبکہ پچھلے سال اسی مدت میں PKR 14,115 ملین تھی۔
- مجموعی منافع کا مارجن 8.45% تک بڑھ گیا جبکہ پچھلے سال اسی مدت میں یہ 7.83% تھا۔
- فی شیئر آمدنی PKR 0.89 ریکارڈ کی گئی جبکہ پچھلے سال اسی مدت میں PKR 1.65 تھی۔
- **مشترکہ کارکردگی:**
- فروخت PKR 22,052 ملین ریکارڈ کی گئی جبکہ پچھلے سال اسی مدت میں PKR 25,108 ملین تھی۔
- مشترکہ مجموعی منافع اور خالص منافع بالترتیب PKR 2,170 ملین اور PKR 842 ملین ریکارڈ ہوئے، جبکہ پچھلے سال اسی مدت میں یہ بالترتیب PKR 1,619 ملین اور PKR 789 ملین تھے۔
- مشترکہ فی شیئر آمدنی PKR 2.13 ریکارڈ کی گئی جو پچھلے سال PKR 2.06 تھی، جو 3.43% کی ترقی کی نمائندگی کرتی ہے۔

مقامی طور پر اسمبل کیے گئے موبائل فونز کی درآمد اور فروخت پر ٹیکس ڈھانچے میں حالیہ تبدیلیوں نے مالی سال 2025 کی پہلی سہ ماہی میں فروخت کے حجم پر اثر ڈالا ہے۔ تاہم، سی پی آئی افراط زر میں کمی، پالیسی ریٹ میں آہستہ آہستہ کمی اور متوقع نئے ماڈلز کے اجرا کے ساتھ، فروخت آنے والی سہ ماہیوں میں مستحکم اور بہتر ہونے کی توقع ہے۔

4. مستقبل کا لائحہ عمل
کمپنی کی انتظامیہ موجودہ حالات میں آپریشنز کو مؤثر اور کارآمد طریقے سے چلانے کے لئے بہترین ممکنہ حکمت عملیوں کی تلاش جاری رکھے ہوئے ہے، جس میں مصنوعات کے معیار کو یقینی بنانا، مطلوبہ پیداواری سطح حاصل کرنا، اور کاروباری اہداف کو پورا کرنا شامل ہے۔

5. آگے کا راستہ

کمپنی کو یقین ہے کہ اپنے اسٹیک ہولڈرز کی مسلسل حمایت کے ساتھ وہ اپنے اسٹریٹجک مقاصد کو کامیابی سے حاصل کرے گی۔ ان اہداف میں مالیاتی کارکردگی، مارکیٹ کی ترقی، مصنوعات میں جدت، اور پائیداری کے اقدامات شامل ہیں۔

6. اظہار تشکر

بورڈ تمام اسٹیک ہولڈرز، بشمول سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، اسٹیٹ بینک آف پاکستان، بینکوں اور مالیاتی اداروں، اور کمپنی کے صارفین، وینڈرز اور سپلائرز کا ان کی مسلسل وابستگی اور حمایت کے لئے باقاعدہ شکریہ ادا کرنا چاہتا ہے۔ بورڈ تمام اسٹاف اراکین کی اپنے فرائض کی انجام دہی میں ان کی محنت اور مستعد کارکردگی کے لئے بھی ان کی تعریف کرتا ہے۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

FINANCIALS

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2024 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	437,474,741	441,776,053
Intangible assets		12,467,969	7,312,382
Investment in subsidiary		8,000,000,000	8,000,000,000
Long term loans		-	25,225,678
Deferred tax asset		191,615,119	191,615,119
		8,641,557,829	8,665,929,232
CURRENT ASSETS			
Stores and spares		33,176,833	32,970,164
Stock in trade	6	2,414,037,628	2,837,017,237
Trade debts	7	5,536,235,051	3,527,099,204
Loans and advances		4,394,446,943	4,145,760,804
Trade deposits, prepayments and other receivables		2,286,277,167	2,545,644,559
Tax refunds due from the Government		616,025,061	541,520,529
Short term investments		649,577,658	621,195,618
Cash and bank balances	8	2,545,473,750	1,219,456,144
		18,475,250,091	15,470,664,259
TOTAL ASSETS		27,116,807,920	24,136,593,491
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 600,000,000 (June 30, 2024: 600,000,000) ordinary shares of Rs. 10 each		6,000,000,000	6,000,000,000
Issued, subscribed and paid up capital		3,952,692,310	3,952,692,310
Share premium - capital reserve		3,556,176,808	3,556,176,808
Accumulated profit - revenue reserve		4,773,050,776	6,002,365,424
General reserves - revenue reserve		44,559,977	44,559,977
		12,326,479,871	13,555,794,519
NON CURRENT LIABILITIES			
Long term loans		143,132,647	300,000,000
Lease liabilities		148,849,733	106,407,928
		291,982,380	406,407,928
CURRENT LIABILITIES			
Defined benefit liability		30,789,616	32,674,356
Trade payables, accrued and other liabilities	9	1,218,194,649	961,887,150
Contract liabilities		953,710,566	578,399,044
Short term borrowings		8,796,162,854	6,287,760,506
Accrued markup		381,088,814	318,154,209
Provision for taxation		942,109,894	835,501,683
Current portion of non current liabilities		356,867,353	373,576,203
Unclaimed dividend		1,819,421,923	786,437,893
		14,498,345,669	10,174,391,044
TOTAL EQUITY AND LIABILITIES		27,116,807,920	24,136,593,491
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 13 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
Revenue from contracts with customers - net	11	13,138,456,945	14,115,310,852
Cost of revenue		(12,028,599,732)	(13,010,058,055)
Gross profit		1,109,857,213	1,105,252,797
Administrative expense		(264,019,484)	(202,619,579)
Selling and distribution costs		(92,459,941)	(47,263,068)
		(356,479,425)	(249,882,647)
Operating profit		753,377,788	855,370,150
Other income		85,025,855	14,837,771
Other expense		(32,091,316)	-
Finance cost		(347,865,781)	(200,938,083)
Profit before income tax		458,446,546	669,269,839
Income tax		(106,684,270)	(34,439,504)
Profit after income tax		351,762,276	634,830,335
Earnings per share			
- Basic and diluted		0.89	1.66

The annexed notes from 1 to 13 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
Profit after income tax	351,762,276	634,830,335
Items not to be reclassified to profit or loss in subsequent years		
Re-measurement (loss) / gain on defined benefit plan	-	-
Related tax effect	-	-
Re-measurement (loss) / gain on defined benefit plan - net of tax	-	-
Items to be reclassified to profit or loss in subsequent years	-	-
Other comprehensive (loss) / income	-	-
	351,762,276	634,830,335

The annexed notes from 1 to 13 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Issued, subscribed and paid up capital	Reserves			Total
		Capital reserves	Revenue reserves		
	Ordinary shares	Share premium	General reserves	Accumulated profit	
	Rupees				
Balance as at July 01, 2023	3,952,692,310	3,556,176,808	44,559,977	4,723,711,779	12,277,140,874
Final dividend for the year ended June 30, 2023 at the rate of Rs. 2.5 per share	-	-	-	(988,173,078)	(988,173,078)
Interim dividend for the period ended December 31, 2023 at the rate of Rs. 2 per share	-	-	-	(790,538,462)	(790,538,462)
Total comprehensive income for the year					
Profit for the year	-	-	-	3,059,341,877	3,059,341,877
Other comprehensive income for the year	-	-	-	(1,976,692)	(1,976,692)
	-	-	-	3,057,365,185	3,057,365,185
Balance as at June 30, 2024	3,952,692,310	3,556,176,808	44,559,977	6,002,365,424	13,555,794,519
Final dividend for the year ended June 30, 2024 at the rate of Rs. 4 per share	-	-	-	(1,581,076,924)	(1,581,076,924)
Total comprehensive income for the period					
Profit/ (Loss) for the period	-	-	-	351,762,276	351,762,276
Other comprehensive loss for the period	-	-	-	-	-
	-	-	-	351,762,276	351,762,276
Balance as at September 30, 2024	3,952,692,310	3,556,176,808	44,559,977	4,773,050,776	12,326,479,871

The annexed notes from 1 to 13 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		458,446,546	669,269,839
Adjustments for :			
Depreciation on property, plant and equipment		9,267,909	24,170,889
Amortization on intangible assets		-	504,848
Impairmen allowance for slow moving and obsolete stock - net		-	(363,577)
Provision for Workers' Welfare Funds		9,168,947	-
Provision for Workers' Profit Participation Funds		22,922,369	-
Finance cost		332,972,353	178,260,748
Profit on investments		(85,025,855)	(14,837,771)
		289,305,723	187,735,137
Operating profit before working capital changes		747,752,269	857,004,976
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
Stock in trade		422,979,609	971,447,595
Stores and spares		(206,669)	(8,278,990)
Trade debts		(2,009,135,847)	1,151,868,237
Loans and advances		(223,460,461)	(1,082,267,750)
Trade deposits, prepayments and other recievable		259,367,392	1,612,343,843
Tax refunds due from the Government		(74,504,532)	27,315,775
		(1,624,960,508)	2,672,428,710
(Decrease) / increase in current liabilities			
Trade payables, accrued and other liabilities		224,216,183	(478,148,758)
Contract liabilities		441,717,349	(1,488,362,881)
		665,933,532	(1,966,511,639)
Cash generated from operations		(211,274,707)	1,562,922,047
Finance cost paid		(222,787,773)	(261,737,349)
Gratuity paid		(1,884,740)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		(435,947,220)	1,301,184,698
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		(4,945,765)	(104,385,200)
Additions in intangible assets		(1,822,671)	-
Interest income received		83,414,040	14,837,771
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES		76,645,604	(89,547,429)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability repaid		(26,708,018)	(26,304,848)
Long term loans - net		(248,282,214)	(145,527,570)
Dividend paid		(548,092,894)	-
Short term borrowings - net		2,508,402,348	(89,015,792)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		1,685,319,222	(260,848,210)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,326,017,606	950,789,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,219,456,144	546,558,296
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,545,473,750	1,497,347,355

The annexed notes from 1 to 13 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan on January 02, 2014 as a private limited company, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having registered office at 152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan. The Company is engaged in the business of import, export distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile/smart phones, tablets, laptops, accessories and allied products. The Company converted to a public limited company on April 24, 2019 and got itself registered on Pakistan Stock Exchange (PSX) on September 22, 2021 as a result of completion of its Initial Public Offering (IPO).

The Company also has a facility for assembly of smart phones and feature phones located at 152-M, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan.

1.2 Subsidiary company: Select Technologies (Private) Limited

Select Technologies (Private) Limited (STPL), an unlisted public company registered under the Companies Act, 2017, is a wholly owned subsidiary of the Company. STPL is engaged in the business of assembly and production of smartphones and related accessories, and has its registered office and assembly unit at 152-1-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore.

The subsidiary has set up a state-of-the-art smartphone assembly plant in Lahore. The principal line of business of the subsidiary is to set up, establish, and operate plants for the assembly and production of mobile phones of all sorts and descriptions, accessories, components, attachments, and bodies used for or in connection with the aforementioned mobile phones.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary Company, is accounted for on the basis as discussed in note 4.15. Consolidated financial statements are presented separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except defined benefits are recognized on the basis mentioned in Note 4.9.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee which is the functional and presentation currency of the Company. The figures have been rounded off to the nearest of Rupees unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unconsolidated financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

	Note
Impairment of non financial assets	4.1.5
Lease term	4.1.6
Allowance for expected credit loss	4.5.1
Taxation	4.7
Revenue from contract with customers	4.8

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies.	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates.	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (lAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the unconsolidated financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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 unconsolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements.	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments.	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments.	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants.	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements.	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability.	January 01, 2025
IFRS 17 Insurance Contracts.	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in Note 3.

4.1 Property, plant and equipment

4.1.1 Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on straight line method at the rates given in schedule of property, plant and equipment and charged to statement of profit or loss to write off the depreciable amount of each asset at the rates specified in the Note 6.

Depreciation on additions is charged from the day it becomes available for use, and assets are depreciated till the date of disposal. Normal repairs and maintenance are charged to unconsolidated statement of profit or loss, while major renewals and improvements are capitalized.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.1.2 Disposal

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit or loss when the asset is derecognized.

4.1.3 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

4.1.4 Estimate

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the management reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

4.1.5 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.1.6 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rates implicit in the leases are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonable certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease options that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factor that create an economic incentive for it to exercise the renewal or termination. After the commencement period, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

4.1.7 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

4.2 Intangible assets

Intangible assets are initially stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to statement of profit or loss applying the straight line basis over its normal useful life as specified in Note 7. Amortization is charged to statement of profit or loss on time proportion basis for addition or deletion during the year. Gains and losses on disposal of assets are included in statement of profit or loss.

4.3 Cash and cash equivalents

Cash and cash equivalents in the unconslidated statement of financial position comprise cash in hand and cash at bank as specified in Note 8 that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at banks defined above. Term deposit receipts are not included in cash and cash equivalents as they are not held for cash management purposes.

4.4 Stock in trade

Stock in trade, stores and spares are valued at lower of cost and net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Cost has been determined as follows:

Raw and packing material	- weighted average cost
Material in transit	- actual cost
Work in process	- weighted average cost
Finished goods	- weighted average cost
Stores and spares	- weighted average cost

Items considered obsolete are carried at nil value. Impairment allowance for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

4.5 Trade debts

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on expected credit loss (ECL) model of IFRS 9 and debts considered irrecoverable are written off as and when identified. Receivable are generally due within 30 to 90 days of satisfaction of performance obligation.

4.5.1 Allowance for expected credit losses of trade debts

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the ECL model, the Company accounts for ECL and changes in those ECL at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.6 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.7 Taxation

4.7.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4.7.2 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

4.7.3 Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

4.7.4 Estimate

The Company establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. 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

4.8 Revenue from contracts with customers

4.8.1 Sale of goods

The Company is in the business of selling cellular mobile phones, tablets, accessories, allied products and services. Revenue from contract with customers is recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery.

4.8.2 Service income

The Company also provides repair services for mobile phones, tablets, accessories and allied products which are in-warranty and out-of-warranty at its service centers. The Company recognizes the revenue from repair services when the service is provided to the customer.

4.8.3 Sales returns

The Company provides sales returns to customers based on the instructions by the brand owners. Upon receipts of instructions, the Company gives the customers an option to return unsold products and obtain same product categories based on revised selling prices or the Company issues a credit note to the customer which can be used to adjust against the receivable recorded of the customer.

4.8.4 Contract liabilities

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

4.9 Defined benefit liability

The Company operates an unfunded gratuity scheme covering eligible workers, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are calculated on the last drawn gross salary by number of years served to the Company.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income / (expense). All other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to unconsolidated statement of profit or loss.

Staff retirement gratuity defined benefit is provided for permanent employees of the Company. Calculations in respect of the liability require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

4.10 Foreign exchange

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in unconsolidated 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 at the dates of the initial transactions. There are no non-monetary items measured at fair value in a foreign currency.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, determines the transaction date for each payment or receipt of advance consideration.

4.11 Financial instruments - initial recognition and subsequent measurement

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

4.11.1 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, short term investments, other receivables and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes trade debts, deposits prepayments and other receivables, long-term investments, short-term investments excluding bank balance.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under 'IAS 32 Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the unconsolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for ECL over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company uses a provision matrix to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type).

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The expected credit losses are recognized in the statement of profit or loss. For bank balances, short term investments, margin against bank guarantee the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the unconsolidated statement of profit or loss.

4.11.2 Financial liabilities

Financial liabilities - Initial recognition

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

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

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.12 Offsetting financial instruments

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

4.13 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions. The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the unconsolidated financial statements.

The management has determined that the Company has ‘Distribution and Retail’ and ‘Assembly’ as two distinct reportable segments. Accordingly, segment related information is presented in Note 27.

4.14 Dividend and appropriation to reserves

Dividend distribution and appropriation to reserves are recognized as liability in the unconsolidated financial statements in the period in which these are approved.

4.15 Investment in subsidiary

Investments in subsidiaries are accounted for at cost in the unconsolidated financial statements of the Company. The cost of an investment is measured as the fair value of the consideration transferred, including any transaction costs directly attributable to the acquisition of the investment.

Subsequent to initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses. The carrying amounts of investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the unconsolidated statement of profit or loss when the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs to sell and its value in use.

Dividends received from subsidiaries are recognized in the unconsolidated statement of profit or loss when the Company's right to receive the payment is established.

Where the Company disposes of part or all of its investment in a subsidiary, the difference between the carrying amount of the investment and the consideration received is recognized in the unconsolidated statement of profit or loss.

4.16 Earning per share

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

Diluted EPS is calculated by adjusting basic EPS with 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.

4.17 Contingent liabilities

A contingent liability is disclosed when:

- 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

- 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.

	Note	2024 Rupees	2024 Rupees

5 PROPERTY AND EQUIPMENT

Operating fixed assets		284,302,855	295,206,774
Right of use assets		153,171,886	146,569,279
		437,474,741	441,776,053

6 STOCK IN TRADE

Raw material		459,884,583	1,034,578,931
Work in process		44,493,884	221,741,475
Mobile phones		296,146,619	1,540,046,527
Spare parts		82,212,556	59,007,786
		882,737,642	2,855,374,719
Impairment allowance for slow moving and obsolete stock		(18,357,482)	(18,357,482)
		864,380,160	2,837,017,237
Goods in transit		1,549,657,468	-
		2,414,037,628	2,837,017,237

7 TRADE DEBTS

Due from customers - Considered good		5,536,235,051	3,527,099,204
Considered doubtful - Others		8,348,676	8,348,676
Allowance for expected credit losses		(8,348,676)	(8,348,676)
		-	-
		5,536,235,051	3,527,099,204

8 CASH AND BANK BALANCES

Cash in hand		280,192,554	8,498,449
Cash at bank - Current accounts		2,265,281,196	1,210,957,695
		2,545,473,750	1,219,456,144

9 TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES

Accrued expenses		89,136,081	48,390,537
Due to brand owners		-	73,466,963
Withholding tax payable		609,729,062	374,334,567
Workers' Welfare Fund		200,113,298	190,950,075
Workers' Profit Participation Fund		297,652,312	274,745,008
Other payables		21,563,896	-
		1,218,194,649	961,887,150

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no material change in contingencies since the last audited financial statements for the year ended June 30, 2024.

	2024 Rupees	2023 Rupees
11 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Sales - Local	14,191,495,194	14,519,206,200
Service income	10,694,846	13,136,307
Gross sales	14,202,190,040	14,532,342,507
Less: Sales tax	(374,156,525)	(44,363,419)
	13,828,033,515	14,487,979,088
Less: Discount	(689,576,570)	(372,668,236)
	13,138,456,945	14,115,310,852

12 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized by Board of Directors on **October 28, 2024.**

13 GENERAL

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

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2024 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	8,243,228,510	8,334,755,859
Investment property		1,400,725,060	1,401,500,000
Intangible assets		10,846,117	7,445,148
Long term loans and deposits		13,899,173	37,572,751
Deferred tax asset		191,615,119	191,615,119
		9,860,313,979	9,972,888,877
CURRENT ASSETS			
Stores and spares		36,161,015	35,089,855
Stock in trade	7	8,829,192,349	8,109,466,346
Trade debts	8	5,536,235,051	3,527,099,204
Loans and advances		394,450,423	347,107,150
Trade deposits, prepayments and other receivables		7,639,625,025	12,811,384,377
Tax refunds due from the Government		700,439,708	626,740,754
Short term investments		2,428,207,223	2,800,401,233
Cash and bank balances	9	3,123,359,301	2,288,039,864
		28,687,670,095	30,545,328,783
TOTAL ASSETS		38,547,984,074	40,518,217,660
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 600,000,000 (June 30, 2024: 600,000,000) ordinary shares of Rs. 10 each		6,000,000,000	6,000,000,000
Issued, subscribed and paid up capital		3,952,692,310	3,952,692,310
Share premium - capital reserve		3,556,176,808	3,556,176,808
Accumulated profit - revenue reserve		6,777,010,705	7,515,922,412
General reserves - revenue reserve		44,559,977	44,559,977
		14,330,439,800	15,069,351,507
NON CURRENT LIABILITIES			
Long term loans		818,975,000	1,609,175,638
Lease liabilities		203,214,002	157,896,016
Deferred tax liability		192,567,961	425,969,321
		1,214,756,963	2,193,040,975
CURRENT LIABILITIES			
Defined benefit liability		30,789,616	32,674,356
Trade payables, accrued and other liabilities	10	2,284,402,634	5,167,302,651
Contract liabilities		953,710,566	578,399,044
Short term borrowings		14,178,044,822	13,722,586,937
Accrued markup		612,703,795	508,511,593
Provision for taxation		2,200,188,554	1,531,025,380
Current portion of non current liabilities		923,525,000	928,887,324
Unclaimed dividend		1,819,422,324	786,437,893
		23,002,787,311	23,255,825,178
TOTAL EQUITY AND LIABILITIES		38,547,984,074	40,518,217,660
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes from 1 to 14 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
Revenue from contracts with customers - net	12	22,052,266,621	25,108,511,383
Cost of revenue		(19,881,842,729)	(23,489,619,390)
Gross profit		2,170,423,892	1,618,891,993
Administrative expense		(292,940,765)	(374,653,841)
Selling and distribution costs		(92,459,941)	(47,263,068)
		(385,400,706)	(421,916,909)
Operating profit		1,785,023,186	1,196,975,084
Other income		210,155,266	123,916,532
Other expense		(85,779,812)	-
Finance cost		(681,435,654)	(470,378,361)
Profit before income tax and minimum tax		1,227,962,986	850,513,255
Minimum tax		-	-
Profit before income tax		1,227,962,986	850,513,255
Income tax		(385,797,769)	(61,922,505)
Profit after income tax		842,165,217	788,590,750
Earnings per share			
- Basic and diluted		2.13	2.06

The annexed notes from 1 to 14 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
Profit after income tax	842,165,217	788,590,750
Items not to be reclassified to profit or loss in subsequent years		
Re-measurement (loss) / gain on defined benefit plan	-	-
Related tax effect	-	-
Re-measurement (loss) / gain on defined benefit plan - net of tax	-	-
Items to be reclassified to profit or loss in subsequent years	-	-
Other comprehensive (loss) / income	-	-
Total comprehensive income for the period	842,165,217	788,590,750

The annexed notes from 1 to 14 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Issued, subscribed and paid up capital	Reserves				Total
		Capital reserves		Revenue reserves		
	Ordinary share	Share premium	Long-term loan equity component	General reserves	Accumulated profit	
	Rupees					
Balance as at July 01, 2023	3,952,692,310	3,556,176,808	-	44,559,977	4,671,112,539	12,224,541,634
Final dividend for the year ended June 30, 2023 at the rate of Rs. 2.5 per share	-	-	-	-	(988,173,078)	(988,173,078)
Interim dividend for the period ended December 31, 2023 at the rate of Rs. 2 per share	-	-	-	-	(790,538,462)	(790,538,462)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	4,625,498,105	4,625,498,105
Other comprehensive income for the year	-	-	-	-	(1,976,692)	(1,976,692)
	-	-	-	-	4,623,521,413	4,623,521,413
Balance as at June 30, 2024	3,952,692,310	3,556,176,808	-	44,559,977	7,515,922,412	15,069,351,507
Final dividend for the year ended June 30, 2024 at the rate of Rs. 4 per share	-	-	-	-	(1,581,076,924)	(1,581,076,924)
Total comprehensive income for the period						
Profit for the period	-	-	-	-	842,165,217	842,165,217
Other comprehensive loss for the period	-	-	-	-	-	-
	-	-	-	-	842,165,217	842,165,217
Balance as at September 30, 2024	3,952,692,310	3,556,176,808	-	44,559,977	6,777,010,705	14,330,439,800

The annexed notes from 1 to 14 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

AIR LINK COMMUNICATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	Note	2024 Rupees (Un-Audited)	2023 Rupees (Un-Audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,227,962,986	850,513,255
Adjustments for :			
Depreciation on property, plant and equipment		100,946,951	99,956,532
Amortization on intangible assets		36,859	533,446
Provision for taxation		-	61,922,505
Provision for Workers' Welfare Funds		24,508,517	-
Provision for Workers' Profit Participation Funds		61,271,295	-
Profit on investments		(210,155,266)	(123,916,532)
Finance cost		681,435,654	401,675,293
		658,044,010	440,171,244
Operating profit before working capital changes		1,886,006,996	1,290,684,499
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
Stock in trade		(719,726,003)	240,851,244
Stores and spares		(1,071,160)	(10,518,587)
Trade debts		(2,009,135,847)	1,818,995,868
Loans and advances		(47,343,273)	(1,082,267,750)
Trade deposits, prepayments and other receivable		5,171,759,352	(5,726,240,917)
Tax refunds due from the Government		(73,698,954)	(66,294,447)
		2,320,784,115	(4,825,474,589)
(Decrease) / increase in current liabilities			
Trade payables, accrued and other liabilities		(2,968,679,829)	3,449,572,280
Contract liabilities		375,311,522	526,880,763
		(2,593,368,307)	3,976,453,043
Cash (used in) / generated from operations		1,613,422,804	441,662,953
Finance cost paid		(471,394,937)	(248,143,195)
Gratuity paid		(1,884,740)	-
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		1,140,143,127	193,519,758
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		(7,854,434)	(108,404,820)
Additions in investment property		-	(33,544,618)
Additions in intangible assets		(1,822,671)	-
Interest income received		202,411,483	-
Short term investments - net		380,000,000	(295,272,057)
NET CASH USED IN INVESTING ACTIVITIES		572,734,378	(437,221,495)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability repaid		(35,812,479)	(26,304,848)
Long term loans - net		(749,110,578)	(145,527,570)
Dividend paid		(548,092,894)	-
Short term borrowings - net		455,457,883	1,353,473,318
NET CASH GENERATED FROM FINANCING ACTIVITIES		(877,558,068)	1,181,640,900
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		835,319,437	937,939,163
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,288,039,864	1,020,769,669
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,123,359,301	1,958,708,832

The annexed notes from 1 to 14 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

1 THE GROUP AND ITS OPERATIONS

1.1 The Group comprises of Air Link Communication Limited ("Parent / the Holding Company") and Select Technologies (Private) Limited ("the Subsidiary"), together "the Group".

1.2 Corporate and general information

1.2.1 Air Link Communication Limited - Parent / the Holding Company

Air Link Communication Limited ('the Holding Company') was incorporated in Pakistan on January 02, 2014 as a Private Limited Company, later on converted to a public limited Company on April 24, 2019, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having registered office at 152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan. The Company is engaged in the business of import, export distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile/smart phones, tablets, laptops, accessories and allied products.

The Holding Company also has a facility for assembly of smart phones and feature phones located at 152-M, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan.

1.2.2 Select Technologies (Private) Limited - the Subsidiary

Select Technologies (Private) Limited (STPL), an unlisted public company registered under the Companies Act, 2017, is a wholly owned subsidiary of the Company. STPL is engaged in the business of assembly and production of smartphones and related accessories, and has its registered office and assembly unit at 152-1-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that investment property and defined benefits and are recognized on the basis mentioned in Note 4.4 and Note 5.12 respectively.

2.3 Functional and presentation currency

These consolidation financial statements are presented in Pakistani Rupee which is the functional and presentation currency of the Group. The figures have been rounded off to the nearest of Rupees unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

	Note
Impairment of non financial assets	4.3.5
Lease liabilities	4.3.6
Fair value of investment property	4.4
Allowance for expected credit loss	4.8.1
Taxation	5.10
Revenue from contracts with customers	5.11

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Group adopted the narrow-scope amendments to the International Accounting Standard (lAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Summary of material accounting policies (2023: significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the	

classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in Note 3.

4.1 Basis of consolidation

The consolidated financial statements include the financial statement of the Holding Company and its subsidiary. The Group uses the acquisition method of accounting to account for business combination. The consideration transferred is the fair value of the assets transferred, the liabilities assumed and the equity interest issued by the Group, if any. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The financial statement of the Holding Company and its subsidiary are prepared up to the same reporting date using consistent accounting policy except as stated otherwise.

The Subsidiary is wholly owned incorporated company. The Group policy related to acquisition of the Subsidiary's identifiable assets acquired and liabilities assumed in the acquisition are measured initially at their fair value at the date of acquisition. Goodwill (if any) is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest using proportionate share method over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net asset of the subsidiary acquired, the difference is recognized in consolidated statement of profit or loss. After initial recognition it is measured at carrying value i.e. at date of acquisition less any accumulated impairment.

The financial statements of subsidiaries have been consolidated on line by line basis. Intra company balances, transactions, income and expenses have been eliminated. Assets, liabilities, income and expense have been consolidated from the date the company acquired the control of the subsidiary till the control cease to exist. Unrealized gain or loss on intra company transactions are also eliminated but unrealized losses are however recognized to the extent of impairment, if any.

4.1.1 Disposal of subsidiary

When the Group ceases to consolidate an investment in subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

4.2 Business combinations and goodwill

4.2.1 Acquisition method of accounting

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

4.3 Property, plant and equipment

4.3.1 Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on straight line method at the rates given in schedule of property, plant and equipment and charged to consolidated statement of profit or loss to write off the depreciable amount of each asset at the rates specified in the Note 6.

Depreciation on additions is charged from the day it becomes available for use, and assets are depreciated till the date of disposal. Normal repairs and maintenance are charged to consolidated statement of profit or loss, while major renewals and improvements are capitalized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.3.2 Disposal

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

4.3.3 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

4.3.4 Estimate

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the management reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

4.3.5 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized as expense. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.3.6 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rates implicit in the leases are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonable certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease options that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factor that create an economic incentive for it to exercise the renewal or termination. After the commencement period, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

4.3.7 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, if any (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

4.3.8 Arrangement is not a lease

The Group has entered a 'Manufacturing supply agreement', dated November 01, 2021, for manufacturing and selling smartphones and related products with Xiaomi Pakistan Private Limited (the Buyer), the Group's sole customer. The Group has determined that the Group's plant is an identified asset (Group of assets) but the Group has substantive right to substitute the asset throughout the period of use as the Group has the practical ability to substitute alternative assets throughout the period of use and the Group would benefit economically from the exercise of its right to substitute the asset (by for example deploying them elsewhere within the Group to meet demands under higher margin agreements). The buyer has no right to 'direct the use of the asset'. Accordingly, the Group's arrangement with Xiaomi Pakistan Private Limited does not contain lease, as defined under IFRS 16 ""Leases"". The Group recognizes the consideration receivable under 'Manufacturing supply agreement' with reference to identifiable performance obligations, under IFRS 15. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to 'manufacture and sell smartphones and related products' as per the agreement.

Further, considering the Group's assessment of term of agreement, that the buyer only have a right to take possession of and title to its property (that is used to produce goods upon payment) on the Group's option/ consent and quantum of fixed payments under the arrangement, amounts to be recognized in the profit or loss under both the operating lease arrangement, under IFRS 16, or contract with customers, under IFRS 15, are substantially consistent.

4.4 Investment property

Recognition and measurement

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property measured at fair value. The changes in fair value recognised in the statement of profit or loss.

The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition.

The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

4.5 Intangible assets

Intangible assets are initially stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to consolidated statement of profit or loss applying the straight line basis over its normal useful life as specified in Note 8. Amortization is charged to consolidated statement of profit or loss on time proportion basis for addition or deletion during the year. Gains and losses on disposal of assets are included in consolidated statement of profit or loss.

4.6 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash in hand and cash at banks as specified in Note 9 that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and cash at banks defined above. Term deposit receipts are not included in cash and cash equivalents as they are not held for cash management purposes.

4.7 Stock in trade, stores and spares

Stock in trade, stores and spares are valued at lower of cost and net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Cost has been determined as follows:

Raw and packing material	- weighted average cost
Material in transit	- actual cost
Work in process	- weighted average cost
Finished goods	- weighted average cost
Stores and spares	- weighted average cost

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

4.8 Trade debts

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on expected credit loss (ECL) model of IFRS 9 and debts considered irrecoverable are written off as and when identified. Receivable are generally due within 30 to 90 days of satisfaction of performance obligation.

4.8.1 Allowance for expected credit losses of trade debts

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the

reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.9 Provisions

Provisions are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.1 Taxation

5.10.1 Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

5.10.2 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in consolidated statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

5.10.3 Deferred

The Group recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.10.4 Estimate

The Group establishes provisions, based on reasonable estimates taking into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. 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.

5.11 Revenue from contracts with customers

5.11.1 Sale of goods

The Holding Company is in the business of selling cellular mobile phones, tablets, accessories and allied products. Revenue from contract with customers is recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery.

5.11.2 Service income

The Holding Company also provides repair services for mobile phones, tablets, accessories and allied products which are in-warranty and out-of-warranty at its service centers. The Holding Company recognizes the revenue from repair services when the service is provided to the customer.

5.11.3 Sales returns

The Group provides sales returns to customers based on the instructions by the brand owners. Upon receipts of instructions, the Group gives the customers an option to return unsold products and obtain same product categories based on revised selling prices or the Group issues a credit note to the customer which can be used to adjust against the receivable recorded of the customer.

5.11.4 Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Holding Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Holding Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognized as revenue when the Holding Company performs under the contract.

5.11.5 Revenue from contracts with customers (the Subsidiary)

The Subsidiary applied the following judgement that significantly affect the determination of the amount of revenue from contracts with customers:

- Determination of performance obligations

With respect to the sale of goods, the Subsidiary concluded the goods transferred in each contract constitute a single performance obligation. In relation to the product warranty provided to the customer (such as the goods will conform, in all respects, to the specifications, standards, drawings, samples, descriptions, quality requirements, quality standards, and free from defect) as part of the agreements into which the Subsidiary enters. Accordingly, such a warranty is an assurance-type warranty and is thus accounted for under IAS 37. The Subsidiary has determined that the promise is the transfer of goods to the customer.

Any warranty related to the ultimate customer such as after-sale services or the performance warranty is the responsibility of the brand owner (i.e. the Subsidiary to which our customer belongs) towards its customer. Therefore, the Holding Company has concluded that the transfer of goods is a single performance obligation recognized at a point in time when the control is transferred.

- Principal versus agent considerations – sale of goods

The Group enters arrangement for sale of goods included in the contract in which the Group act as Seller (Assembler / Manufacturer). The Subsidiary has determined that it controls the goods before they are transferred to Buyer (Xiaomi Pakistan Private Limited), because it has the ability to direct the use of these goods and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide goods because it directly deals with the Buyer and it is primarily responsible for the quality or suitability of the goods. In addition, the Group has inventory risk before the goods have been delivered to a customer. Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Subsidiary has concluded that it transfer of goods single performance obligation recognized at a point in time when the control is transferred.

5.12 Defined benefit liability

The Group operates an unfunded gratuity scheme covering eligible workers*, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are calculated on the last drawn gross salary by number of years served to the Group.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in consolidated statement of profit or loss are limited to current and past service cost*, gains or losses on settlements, and net interest income / (expense). All other changes in net defined benefit liability are recognized in consolidated statement of other comprehensive income with no subsequent recycling to consolidated statement of profit or loss.

Staff retirement gratuity defined benefit is provided for permanent employees of the Group. Calculations in respect of the liability require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

5.13 Foreign exchange

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in consolidated 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 at the dates of the initial transactions. There are no non-monetary items measured at fair value in a foreign currency.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, determines the transaction date for each payment or receipt of advance consideration.

5.14 Financial instruments - Initial recognition and subsequent measurement

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

5.14.1 Financial assets

Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers Note 5.11.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include long term loans and deposits, trade debts, short term investments, other receivables and bank balances.

Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group’s financial assets at amortized costs includes trade debts, other receivables, long term investments, short-term investments excluding investment in mutual funds and bank balance.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under 'IAS 32 Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets - Impairment

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group uses a provision matrix to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type).

For trade debts, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The expected credit losses are recognized in the statement of profit or loss. For bank balances, short term investments, margin against bank guarantee the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.14.2 **Financial liabilities**

Financial liabilities - Initial recognition

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

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

The Group's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.15 **Offsetting financial instruments**

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

5.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions. The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The management has determined that the Group has 'Distribution and Retail' and 'Assembly' as two distinct reportable segments. Accordingly, segment related information is presented in Note 12.

5.17 Dividend and appropriation to reserves

Dividend distribution and appropriation to reserves are recognized as liability in the consolidated financial statements in the period in which these are approved.

5.18 Earning per share

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

Diluted EPS is calculated by adjusting basic EPS with 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 Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.19 Contingent liabilities

A contingent liability is disclosed when:

- 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 Group; or

- 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.

		Note	2024 Rupees	2024 Rupees
6	**PROPERTY AND EQUIPMENT**			
	Operating fixed assets		8,039,371,840	8,137,501,796
	Right of use assets		203,856,670	197,254,063
			8,243,228,510	8,334,755,859
7	**STOCK IN TRADE**			
	Raw material		2,914,289,498	6,145,945,764
	Work in process		84,161,673	308,310,985
	Mobile phones		4,217,588,637	1,614,559,293
	Spare parts		82,212,556	59,007,786
			7,298,252,364	8,127,823,828
	Impairment allowance for slow moving and obsolete stock		(18,357,482)	(18,357,482)
			7,279,894,882	8,109,466,346
	Goods in transit		1,549,297,467	-
			8,829,192,349	8,109,466,346
8	**TRADE DEBTS**			
	Due from customers - Considered good		5,536,235,051	3,527,099,204
	Considered doubtful - Others		8,348,676	8,348,676
	Allowance for expected credit loss		(8,348,676)	(8,348,676)
			-	-
			5,536,235,051	3,527,099,204
9	**CASH AND BANK BALANCES**			
	Cash in hand		280,192,554	8,498,449
	Cash at banks - current accounts		2,838,087,964	2,274,462,632
	Cash at banks - saving accounts		5,078,783	5,078,783
			3,123,359,301	2,288,039,864
10	**TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES**			
	Trade payables		-	3,899,272,643
	Accrued expenses		109,459,623	104,770,450
	Due to brand owners		-	73,466,963
	Withholding tax payable		601,057,649	403,768,836
	Workers' Welfare Fund		246,930,453	222,427,660
	Workers' Profit Participation Fund		463,966,654	402,710,424
	Other payables		41,565,103	20,802,581
	Sales tax payable		821,423,152	40,083,094
			2,284,402,634	5,167,302,651

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no material change in contingencies since the last audited financial statements for the year ended June 30, 2024

12 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2024 Rupees	2023 Rupees
Sales - Local	24,709,790,613	25,516,179,731
Service income	10,694,846	13,136,307
Gross sales	24,720,485,459	25,529,316,038
Less: Sales tax	(1,978,642,268)	(48,136,419)
	22,741,843,191	25,481,179,619
Less: Discount	(689,576,570)	(372,668,236)
	22,052,266,621	25,108,511,383

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized by Board of Directors on **October 28, 2024**.

14 GENERAL

Figures have been rounded off to the rupees unless stated otherwise.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**