



AIRLINK

YOUR SMART DEVICE PARTNER

**ANNUAL REPORT
2022**

CHAIRMAN REVIEW REPORT:

On behalf of the Board of Directors, I am pleased to present to you the annual report 2022 and performance of board of directors of the company.

Although the FY 2021-2022 was a challenging year in front of economic, social and political front. Instead of all this your company has manage to reap all positive factors to reach its objectives. This include better working capital management, despite the abrupt and dynamic changes in economic and monetary fronts. Efficient procurement and vigilant proactive approach are the cornerstone to sustain competitive advantage.

A decade of high performance is the result of untiring efforts of the management and Board of Directors. This is despite of the various challenges with respect of non-availability of raw material in timely manner and increasing price trend due to fluctuation of foreign exchange.

Air Link Communication Limited remained in compliance with all the relevant requirement of the listed companies, Code of corporate Governance 2019 and Companies Act 2017.

I congratulate the company to establishing the wholly owned subsidiary under the name “Select Technologies (Pvt.) Limited” which has set up state-of-the-art smartphone assembly plant in Lahore for mobile phones and allied products of Xiaomi. Xiaomi is one of the leading smartphone brands in the world.

Technological development is an important factor in increasing the growth rate of economy at macro level. The social development occurs if a society can make technological advances and reflect them to their social and cultural lives. Our mission to make technology affordable for the end consumer.

I feel proud to share that Air Link has supported the national economy by contributing Rs.2.257 billion to national exchequer in the form of sales tax, income tax, custom duties and other levies which is equivalent to 5.0% of the net sales of the Company. We believe that with local manufacturing is a future that will shape prosperity of Pakistan.

I would like to place on record the Board’s performance in discharging their responsibilities in a diligent and efficient manner, guiding the management in all the key decision relating to state of the affairs of the company and providing strategic guidelines.

Last but not the least, I want to acknowledge the hard work and consistency of employees, their strength, commitment and dedication is what makes the Company unique and successful. I am grateful for prudent and insightful approach of leadership team, support and loyalty of our customers, continued trust of all the stakeholders of the Company. With all of your trust and confidence in the company, we will be able to achieve our goals and reach new heights.



Chairman

Directors Report

Introduction

Dear Stake Holders,

The Board of Directors of Air Link Communication Limited are pleased to share the results of company along with audited financial statements for the year ended June 30, 2022.

Overview

With a combination of both recovery and growth in FY22, country attained a GDP growth of 5.97%. This Strong momentum in economic activities also observed in different sectors with a GDP growth rate of; 4.40% in agriculture, 9.2% in Large Scale Manufacturing (LSM).

However in last quarter of FY22, political and macro-economic circumstances changed significantly and going further by 19th May, 2022 Ministry of Commerce issued SRO for “Ban on Import of Luxury Items” which restricted the import of Mobile Phones in CBU condition and later on by 20th May, 2022 State Bank of Pakistan also issued a circular “EDP Circular Letter No. 9 of 2022” with direction to obtain prior approval from SBP to establish the LC of Mobile Phones in CKD/SKD condition with limited foreign exchange quota. The consecutive issuance of two different orders effected closing performance of FY 22 and it is expected that FY23 will be challenging period for economy and all stakeholders.

The intensifying Russia-Ukraine War resulting commodity shortage and surging prices and because of that Pakistan is also facing high LNG rates and halt in import of fossil Fuel-Oil and coal which ultimately effect the common man and his purchasing power.

Inflation and Interest Rates

As in the rest of the world, due to ongoing commodity super cycle, there is an across the board surge in prices (food prices 14.32%, fuel prices 23.99%, power prices 10.75% and other consumer discretionary items 10.60%) consequently, inflation as measured by CPI shot up considerably during FY22 and recorded at 12.15%.

However, Air Link has confronted all new development because of its proactive approach and foresight of dynamics in near future. Company’s financial position and cash flow generating ability are the basis to further support its operational efficiencies, make new investments to attain first mover advantage and enhance shareholders’ value by sustaining competitive advantage.

Performance Review

A brief financial analysis is presented as under:

Particulars	June 30, 2022	June 30, 2021
Turnover	46,159,701,856	47,372,802,392
Gross Profit	4,771,848,004	4,801,792,199
Profit before taxation	2,467,973,711	2,404,058,171
Net profit for the year	1,648,590,432	1,505,004,481

The business environment remained challenging during the year due to macroeconomic factors, rupee depreciation, rising commodity prices and import restrictions and respectively Company faced impediment in availability of Mobile Phones CBU and SKD Materials. However, Company remained able to navigate from these challenges with achievement of net revenue amounting to PKR 46,159,701,856/-. Gross profit margin remained under pressure resulting increase of 0.20% as compared to last year. However, by applying strict cost controls and bringing efficiencies in the operations company achieved growth in profit before taxation and net profit 5.35% and 3.57% as compare to 5.07% and 3.18% of last year respectively.

Future Prospects

The economy, over the years, has presented strong resilience despite of unexpected volatility and uncertainty. But the ongoing fiscal year is expected to be remain very challenging on account of rising inflation, fiscal slippages and drying up financial inflows. Moving forward, it is essential to sustain the reform momentum by focus on policies for securing stability and promoting growth. There is strong need to strike an appropriate balance between supporting the economy, ensuring debt sustainability and advancing structural reforms while maintaining social cohesion.

Composition of Board of Directors and Committees:

In line with the requirements, the Company Board of Directors represented by Independent, Non-Executive and Executive Directors with gender diversity.

Total Number of Directors:

- | | |
|-----------|---|
| a) Male | 6 |
| b) Female | 1 |

Composition of the Board:

	Sr. No:	Name of Directors	Audit Committee	Human Resource Committee
Independent Directors	1	Mr. Hussain Kuli Khan	Member	-
	2	Mr. Aqdas Faraz Tahir	-	Member
	3	Mr. Sharique Azim Siddiqui	Member	Member
Non-Executive Directors	1	Mr. Aslam Hayat Piracha	-	-
	2	Mrs. Rabia Muzzaffar	Member	-
Executive Directors	1	Mr. Muzzaffar Hayat Piracha	-	Member
	2	Mr. Nafees Haider	-	-

Audit Committee:

Audit Committee assists the Board of Directors in discharging their fiduciary responsibilities in accordance with the Corporate Governance and Financial Reporting Frame Work. The Committee consists of three members, two Independent and one Non-Executive Director. The Chairman of the Committee is an Independent Director. As required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Code 2019”), Audit Committee also ensure coordination with external auditors and Head of Internal Audit in the absence of management.

Human Resource and Remuneration Committee:

Human Resource and Remuneration Committee also assists the Board of Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies and practices within the Company. It also assists the Board in selection, evaluation, compensation and succession planning of key management personnel. The Committee consists of three members, of whom one is executive and two are non-executive directors. The Chairman of the Committee is an independent director.

Directors’ Attendance:

During the period under review, four (4) Board meetings, four (04) Audit Committee meetings and one (01) Human Resource and Remuneration (HR&R) Committee meetings were held. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

Name of Director	Board of Directors Meetings	Audit Committee Meetings	HR & Remuneration Committee Meetings
Hussain Kuli Khan	3	4	-
Aqdas Faraz Tahir	4	-	1
Sharique Azim Siddiqui	4	4	1
Aslam Hayat Piracha	4	-	-
Muzzaffar Hayat Piracha	4	-	1
Nafees Haider	4	-	-
Rabia Muzzaffar	3	1	-

Earnings Per Share

The earnings per share of your Company for the year ended June 30, 2022, was PKR 4.30 in comparison to PKR 4.59 (restated) reported last year.

Directors’ Remuneration

The Board of Directors has approved a ‘Remuneration Policy for Directors and Members of Senior Management’; the salient features of which are:

- The Company will not pay any remuneration to its non-executive and Independent directors except as meeting fee for attending the Board meetings.

- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

Listing of Company on Pakistan Stock Exchange

During the year the Company successfully listed on Pakistan Stock Exchange effect from September 22, 2021. Total 90 million shares were offered in the IPO process, out of which 60 million new shares were issued by the Company whereas remaining 30 million shares were offered for sale at the price of Rs. 71.5 per share determined by book building process.

Establishment of Subsidiary

During the year company has established the wholly owned subsidiary under the name “Select Technologies (Pvt.) Limited” which has set up state-of-the-art smartphone assembly plant in Lahore for mobile phones and allied products of Xiaomi. Xiaomi is one of the leading smartphone brand in the world. The Company has invested rupees 5 billion for purchase of plant and machinery, to build infrastructure and also extended rupees 947 million to meet the working capital requirement at 3 months KIBOR plus 3%.

Adequacy of Internal Control

The Company has employed an effective system of internal controls to carry on the business of the Company in an orderly manner, safeguard its assets and secure the accuracy and reliability of its records. The Board ensures adequacy of internal control activities either directly or through its Committees. The Board also reviews the Company’s financial operations and position at regular intervals by means of interim accounts, reports, profitability reviews and other financial and statistical information.

Related Party Transaction

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm’s length basis at normal commercial terms and conditions, under the Company’s Related Party policy. The company has made no related party transaction other than disclosed in financial statements.

Health Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who works with us, as well as the communities where we operate. The Company obtained its certification from Bureau Veritas a gold standard certification. The safety policies in warehouses across Pakistan are implemented with the Company’s vision of hazard free environment both for employees and nature.

Financial Statements

The Chief Executive Officer, Chief Financial Officer and a Director have endorsed the financial statements of the Company for the financial year 2022 after approval of the Board. The auditors, EY Ford Rhodes, Chartered Accountants, audited the financial statements and have expressed an unmodified opinion on the financial statements.

Code of Conduct

The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights, fraud, etc. The Code encourages honesty, integrity and openness in conduct of Company's operations. It contains guidelines for interactions with all stakeholders, including consumers, suppliers, shareholders and partners. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management.

Auditors

M/s EY Ford Rhodes, Chartered Accountants, have audited the financial statements of the Company for the year ended June 30, 2022. Being eligible, they have offered themselves for reappointment for the next financial year ending June 30, 2023. Upon recommendation of the Audit Committee, the Board recommends appointing M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company for the year ending June 30, 2023, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Dividend

The Board of Directors have recommended a final cash dividend for the financial year ended June 30, 2022, at the rate of 10%, i.e. PKR 1 per share of PKR 10/- each, subject to the approval of the shareholders at the forth coming annual general meeting.

Contribution to National Exchequer and Economy of Pakistan

During the year, the Company contributed a sum of Rs. 2,257 million to the national exchequer by way of income tax, sales tax, custom duties and other levies.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2022 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

Principal Risks and uncertainty Facing the Company

Company has formal risk management framework to assess the risks faced in the context of the broader political and macroeconomic environment. The risk management system identifies

strategic, regulatory, financial, operational and sustainability risks related to business activities. The risks are reviewed by management committee along with departmental objectives, targets and performance. Appropriate strategies are developed and implemented to minimize the impact of the identified risks.

Financial risks are those that may cause financial loss to the entity. Financial risk has been described in detail in note 41 of the attached financial statements that include market risks, interest rate risk, currency risk, credit risks and liquidity risk.

The negative outlook of the country and the top tier banks by international credit rating agencies has evolved as major risk that may impact / disrupt supply chain not only for the company but also for all import dependent businesses across the country. It is however difficult to ascertain for how long and to what extent it will continue impacting overall economic activity unless political stability takes its due course in the country.

Subsequent Events

The Board of directors of the Company at their meeting held on October 04, 2022, has proposed a cash dividend of Rs. 1 per share for the financial year ended June 30 2022. However, this event has been considered as a non-adjusting event under IAS 1 'Events after the Reporting Period' and has not been recognized in these financial statements.

There are no other material changes, and commitments affecting the Company's financial position have occurred between the end of the financial year of the Company and the date of the auditor's Report.

Acknowledgement

Acknowledgement The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and the employees of the Company throughout the year. On behalf of the Board of Directors and employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, stockiest, dealers and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.



Chief Executive Officer



Director

INDEPENDENT AUDITOR'S REPORT

To the members of Airlink Communication Limited

Report on the Audit of the Financial Statements as at 30 June 2022

Opinion

We have audited the annexed financial statements of Airlink Communication Limited ("the Company"), which comprise the statement of financial position as at 30 June 2022, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p>1. Revenue Recognition</p>	
<p>During the year ended 30 June 2022, the Company recognized net revenue of Rs. 46.16 billion as compared to Rs. 47.37 billion in previous year, as disclosed in Note 29 and according to the accounting policy described in Note 4.10 to the financial statements.</p> <p>The Company generates revenue from sales of a wide range of products and services which include cellular mobile phones, tablets, accessories, allied products and related repair services to customers.</p> <p>The Company also offers discounts from time to time on several product categories for the various types of customers.</p> <p>Due to the above factors requiring significant auditor's attention on occurrence and considering the significance of revenue as a key performance indicator for users of financial statements, we have considered revenue recognition as a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>Obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof;</p> <p>Evaluated the appropriateness of the Company's revenue recognition policies and procedures to assess compliance with International Financial Reporting Standards ("IFRS") as applicable in Pakistan;</p> <p>Performed substantive analytical procedures using dis-aggregated data in order to gain assurance over the revenue recognized and focused our testing on outliers and unusual trends in light of overall external economic environment;</p> <p>Performed trend analysis and correlation between revenue and trade discount and assessed the reasonableness in the context of local environment along with relating the same to movement in receivables and cash;</p> <p>Performed procedures to identify and review any manual adjustments at year end impacting revenue to identify significant or unusual items and reviewed underlying documentation;</p> <p>Tested supporting evidence in relation to a sample of sales transactions including but not limited to sales orders, sales invoices, goods dispatch notes, gate passes, proof of delivery (acknowledgement by customers) and performing other tests of details;</p>

577



Building a better
working world

Key audit matters	How the matter was addressed in our audit
	<p>Ensured that revenue items are correctly classified with reference to guidance in International Financial Reporting Standard 15 ("IFRS 15");</p> <p>Performed procedures around the cut off of revenue; and</p> <p>Considered the appropriateness and adequacy of the disclosure provided in Note 29 to the financial statements in relation to the relevant accounting standards.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

677

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

677-

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.




EY Ford Rhodes
Chartered Accountants
Lahore: 06 October 2022
UDIN: AR202210177AYxj2TPbD

AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 Rupees	30 June 2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	736,588,940	1,253,900,236
Intangibles	6	15,455,020	18,016,354
Investment in subsidiary	7	5,000,000,000	-
Deferred tax asset	8	23,762,797	-
		5,775,806,757	1,271,916,590
CURRENT ASSETS			
Stores and spares		17,161,871	7,560,647
Stock in trade	9	3,158,551,742	3,533,673,866
Trade debts	10	3,752,501,028	5,391,262,155
Loans and advances	11	59,757,546	171,674,967
Trade deposits and short term prepayments	12	97,193,369	32,468,109
Other receivables	13	3,861,853,815	3,753,344,917
Tax refunds due from the Government	14	166,623,631	244,859,633
Short term investments	15	1,009,527,023	509,500,786
Cash and bank balances	16	990,297,235	832,153,312
		13,113,467,260	14,476,498,392
TOTAL ASSETS		18,889,274,017	15,748,414,982
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Authorized share capital 600,000,000 (30 June 2021: 400,000,000 of Rs.10 each) ordinary shares of Rs.10 each		6,000,000,000	4,000,000,000
Issued, subscribed and paid up capital	17	3,952,692,310	3,000,000,000
Share premium - capital reserve	18	3,556,176,808	-
Accumulated profit - revenue reserve		4,199,708,939	2,991,850,517
General reserves - revenue reserve		44,559,977	44,559,977
Long term loan - equity portion		21,372,477	42,744,954
Share deposit money	19	-	400,000,000
		11,774,510,511	6,479,155,448
NON CURRENT LIABILITIES			
Long term loans - debt portion	20	876,612,295	145,487,575
Lease liabilities	21	242,066,981	621,155,313
Defined benefit liability	22	24,930,028	34,722,393
Deferred tax liability	8	-	15,239,805
		1,143,609,304	816,605,086
CURRENT LIABILITIES			
Current portion of long term loans	20	426,789,550	438,747,989
Current maturity of lease liabilities	21	104,179,241	89,901,750
Short term borrowings	23	3,936,056,734	6,085,626,053
Accrued markup	24	121,937,580	110,730,936
Refund liabilities	25	309,084	30,221,644
Contract liabilities	26	152,365,597	82,882,488
Provision for taxation		743,403,372	214,548,547
Trade payables, accrued and other liabilities	27	390,814,817	1,399,995,041
Unclaimed dividend		95,298,227	-
		5,971,154,202	8,452,654,448
TOTAL EQUITY AND LIABILITIES		18,889,274,017	15,748,414,982
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes from 1 to 49 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 YEAR ENDED 30 JUNE 2022

	<u>Note</u>	<u>30 June 2022</u> Rupees	<u>30 June 2021</u> Rupees
Revenue from contracts with customers - net	29	46,159,701,856	47,372,802,392
Cost of sales	30	(41,387,853,852)	(42,571,010,193)
Gross profit		4,771,848,004	4,801,792,199
Administrative expenses	31	(874,958,759)	(725,215,507)
Selling and distribution cost	32	(542,657,454)	(580,987,886)
		(1,417,616,213)	(1,306,203,393)
Operating profit		3,354,231,791	3,495,588,806
Other expenses	33	(88,462,415)	(57,113,232)
Other income	34	227,337,666	67,846,840
Finance cost	35	(1,025,133,331)	(1,102,264,243)
Profit before taxation		2,467,973,711	2,404,058,171
Taxation	36	(819,383,279)	(899,053,690)
Net profit for the year		1,648,590,432	1,505,004,481
Earnings per share			Restated
- Basic	37	4.30	4.59
- Diluted	37	4.30	4.47

The annexed notes from 1 to 49 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 YEAR ENDED 30 JUNE 2022

	<u>Note</u>	<u>30 June 2022</u> Rupees	<u>30 June 2021</u> Rupees
Net profit for the year	A	1,648,590,432	1,505,004,481
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plan	22.4	(3,715,078)	(1,231,140)
Related tax effect		1,225,976	357,031
Re-measurement losses on defined benefit plan - net of tax		(2,489,102)	(874,109)
Items that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss for the year	B	(2,489,102)	(874,109)
Total comprehensive income for the year	A+B	<u>1,646,101,330</u>	<u>1,504,130,372</u>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

**AIR LINK COMMUNICATION LIMITED
UNCONSOLIDATED ANNUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Capital reserve		Revenue reserve		Long term loan - equity portion		Loan from Director		Share deposit money		Total
	Issued, subscribed and paid up capital	Share Premium	General reserves	Accumulated profit	Long term loan - equity portion	Loan from Director	Share deposit money	Total			
Balance as at 1 July 2020	3,000,000,000	-	44,559,977	1,487,720,145	42,744,954	21,557,155	-	4,596,562,231			
Profit for the year	-	-	-	1,505,004,481	-	-	-	1,505,004,481			
Other comprehensive income for the year	-	-	-	(874,109)	-	-	-	(874,109)			
Total comprehensive income for the year	-	-	-	1,504,130,372	-	-	-	1,504,130,372			
Loan repaid	-	-	-	-	-	(21,557,155)	-	(21,557,155)			
Conversion of long term loan (note 20.1)	-	-	-	-	-	-	-	400,000,000			
Balance as at 30 June 2021	3,000,000,000	-	44,559,977	2,991,850,517	42,744,954	-	-	400,000,000		6,479,155,448	
Transactions with owners in their capacity as owners:											
Conversion of long term loan amounting Rs. 400 million at the rate of Rs. 52 per share (note 20.1.1)	76,923,080	323,076,920	-	21,372,477	(21,372,477)	-	-	(400,000,000)		-	
Issuance of shares against initial public offering (note 1.2)	600,000,000	3,690,000,000	-	-	-	-	-	-		4,290,000,000	
Transaction cost on issuance of ordinary shares (note 18.2)	-	(181,130,882)	-	-	-	-	-	-		(181,130,882)	
Final dividend for the year ended 30 June 2021 at the rate of Rs. 1.25 per share	-	-	-	(459,615,385)	-	-	-	-		(459,615,385)	
Issue of bonus shares for the year ended 30 June 2021 at rate of 7.5%	275,769,230	(275,769,230)	-	-	-	-	-	-		-	
Profit for the year	-	-	-	1,648,590,432	-	-	-	1,648,590,432		1,648,590,432	
Other comprehensive loss for the year	-	-	-	(2,489,102)	-	-	-	(2,489,102)		(2,489,102)	
Total comprehensive income for the year	-	-	-	1,646,101,330	-	-	-	1,646,101,330		1,646,101,330	
Balance as at 30 June 2022	3,952,692,310	3,556,176,808	44,559,977	4,199,708,939	21,372,477	-	-	11,774,510,511		11,774,510,511	

The annexed notes from 1 to 49 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 YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 Rupees	30 June 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,467,973,711	2,404,058,171
Adjustments for :			
Depreciation of property, plant and equipment	5.5	274,699,168	232,928,893
Amortization of intangible assets	6	11,706,708	7,459,242
Provision for net realizable value	9.1	(11,525,259)	(18,875,891)
(Reversal of) allowance for expected credit loss - trade debts	31	(58,941,054)	8,588,796
(Reversal of) allowance for expected credit loss - other receivables	31	(50,659,247)	50,659,247
Provision for gratuity	22.2	14,083,998	13,048,974
(Gain) / loss on lease termination	33 & 34	(43,406,778)	6,265,435
Foreign currency exchange loss	33 & 34	-	1,996,317
Gain on modification of loan	34	(4,656,579)	-
Provision written back	34	-	(14,819,017)
Finance cost	35	725,405,405	771,002,246
Unrealized gain on financial assets	34	(3,522,535)	(2,651,572)
Profit on investments	34	(56,112,791)	(50,376,251)
		<u>797,071,036</u>	<u>1,005,226,419</u>
Operating profit before working capital changes		3,265,044,747	3,409,284,590
(Increase) / decrease in current assets			
Stock in trade		386,647,383	1,095,253,920
Stores and spares		(9,601,224)	(7,560,647)
Trade debts		1,697,702,181	(744,539,216)
Loans and advances		111,917,421	(5,032,964)
Trade deposits and short term prepayments		(60,058,684)	(16,014,063)
Other receivables		(57,849,651)	5,348,330,486
Tax refunds due from the Government		81,471,693	2,623,238
		<u>2,150,229,119</u>	<u>5,673,060,754</u>
Increase / (decrease) in current liabilities			
Trade payables, accrued and other liabilities		(1,039,092,784)	(5,046,435,763)
Contract liabilities		69,483,109	(34,190,626)
		<u>4,445,664,191</u>	<u>4,001,718,955</u>
Cashflows after working capital changes - net			
Financial cost paid		(630,534,907)	(739,238,538)
Gratuity paid	22.4	(27,591,441)	(8,746,300)
Income tax paid		(331,540,768)	(785,158,695)
		<u>3,455,997,075</u>	<u>2,468,575,422</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	[A]	3,455,997,075	2,468,575,422
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment - owned assets		(32,412,818)	(578,163,563)
Investment in subsidiary		(5,000,000,000)	-
Additions in intangibles	6	(9,145,374)	(16,667,109)
Interest income received		38,809,089	72,773,914
Short term investments made		(479,200,000)	-
Short term investments disposed off		-	197,000,000
		<u>(5,481,949,103)</u>	<u>(325,056,758)</u>
NET CASH USED IN INVESTING ACTIVITIES	[B]	(5,481,949,103)	(325,056,758)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability repaid		(130,052,971)	(162,174,670)
Proceeds against issuance of shares		4,108,869,118	-
Dividend paid		(364,317,158)	-
Director's loan repaid		-	(21,557,155)
Long term loans obtained		1,070,000,000	547,279,250
Long term loans repaid		(350,833,719)	(390,890,949)
Short term borrowings repaid - net		(2,149,569,319)	(2,098,310,589)
		<u>2,184,095,951</u>	<u>(2,125,654,113)</u>
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	[C]	2,184,095,951	(2,125,654,113)
NET INCREASE IN CASH AND CASH EQUIVALENTS	[A+B+C]	158,143,923	17,864,551
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		832,153,312	814,288,761
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40	990,297,235	832,153,312

The annexed notes from 1 to 49 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 YEAR ENDED 30 JUNE 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan on 02 January 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 (previously at LG 2, Al - Qadeer Heights, 1 Babar Block, New Garden Town, Lahore, 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 24 April 2019 and got itself registered on Pakistan Stock Exchange (PSX) on 22 September 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. Initial assembling capacity has been planned for 400,000 mobile sets per month which is expandable according to market demand.

The locations of Company's head office, assembling facility, retail outlets and flagship store are as below:

BUSINESS UNIT	ADDRESS
Head Office	152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Assembling Facility	152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Samsung Retail Store	Shop No. LG-19, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Flagship Store	Shop No. 1, Xinhua Mall, 24-B/2, Mian Mehmood Ali Kasoori Road, Block B2 Gulberg III, Lahore, Pakistan
Samsung Retail Store	Shop No. 27, Ground floor, Emporium Mall, Johar Town, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-7, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Retail Store	Shop No. 1080 Opposite Carrefour, Packages Mall, Walton Road, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-51, Dolmen Mall Clifton, Karachi, Pakistan
Samsung Retail Store	Shop No. 1 Near Bank Alfalah, Saddar Cantt. Hyderabad, Pakistan
Air Link Retail Store	Shop No. 2, Al Kareem Plaza, Circular Road, Bahawalpur, Pakistan
Samsung Retail Store	Shop No. 5, Ground Floor, Shareef Complex, Tehsil Chowk, Multan, Pakistan.
Samsung Retail Store	City Centre, DC Office Chowk, Bahawalpur
Samsung Retail Store	Shop-1079, 1st Floor, Packages Mall, Walton Road, Lahore
Air Link Retail Store	Shop G-56, Ground Floor, Emporium Mall, Johar Town, Lahore
MI Retail Store	Shop No. LG-20, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan

In addition to the above, the Company also has stores and warehouses, the list of which is not presented in these financial statements to maintain concision. The Company has a wholly-owned subsidiary namely Select Technologies (Private) Limited which is engaged in the business of assembly and production of smartphones and related accessories.

1.2 In prior financial year, the Company initiated the process to raise funds through Initial Public Offering (IPO) to meet working capital requirements in order to expand the existing business of the Company. The Securities and Exchange Commission of Pakistan (SECP) granted approval dated 19 July 2021 to the Company to issue, circulate and publish prospectus for the Initial Public Offering (IPO) of 90 million ordinary shares. On 31 August 2021, book-building and institutional / large investors' bidding process was completed for new issue of 60 million shares at strike price of Rs. 71.5 per share, whereas public subscription of remaining 30 million shares was completed on 07 September 2021. Consequently, 25% of the total share capital of the Company stands offered to the public and institutional investors whilst the process of listing of shares on Pakistan Stock Exchange was completed on 22 September 2021.

2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies act, 2017; 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These are separate financial statements of the Company in which Select Technologies (Private) Limited is shown at cost, consolidated financial statements are presented separately.

2.2 Standards, interpretation and amendments applicable to the financial statements for the year ended 30 June 2022

The accounting policies adopted in the preparation of these financial statements are consistent with those of the Company for the year ended 30 June 2021, except as described below:

New standards and amendment

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 39, IFRS 9, IFRS 7, IFRS 4 & IFRS 16 Interest Rate Benchmark Reform - Phase 2 (Amendments)

2.3 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on after)
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Insurance Contracts – IFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 & IAS 28	Not yet finalized

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on after) *
IFRS 1	First-time Adoption of International Financial Reporting	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

*This represents effective date as per the standards. However, the standards will become effective from the date as notified by the SECP.

The Company expects that such improvements to the standards and new standards will not have any material impact on the Company's financial statements.

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 4.11

3.2 PRESENTATION CURRENCY

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

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of 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 financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

3.3.1 Judgements

Lease term

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.

3.3.2 Estimates and assumptions

3.3.2.1 Revenue from contracts with customers

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

- Variable consideration

Contracts with customers include incentives and lower portion discounts that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods and historical recovery patterns.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience and current economic conditions.

3.3.2.2 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company 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 Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company 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.

Other areas where estimates and judgments are involved have been disclosed in respective notes to the financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in note 2.2.

4.1 Property, plant and equipment

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 5. Depreciation is provided on assets for the proportionate period of its use in the year of addition and disposal in statement of profit or loss. Normal repairs and maintenance are charged to statement of profit or loss, while major renewals and improvements are capitalized.

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 statement of profit or loss when the asset is derecognized.

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.

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 statement of profit or loss when the asset is derecognized.

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.

4.2 Intangibles

Intangibles 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 6. 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 statement of financial position comprise cash in hand and cash at bank as specified in note 40 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.

4.4 Stock in trade

Stock in trade, stores, spares and loose tools are valued at lower of cost or 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:

Raw and packing material	- weighted average cost
Material in transit	- actual cost
Work in process	- actual cost
Finished goods	- weighted average cost
Stores, spare parts and loose tools	- 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.

4.5 Trade and other receivables

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on ECL model of IFRS 9 and debts considered irrecoverable are written off as and when identified.

4.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.6.1 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.

4.6.2 Lease liabilities - rented premises

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.7 Trade and other payables

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

4.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the extent of obligation.

4.9 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company 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.

4.10 Revenue from contracts with customers

The 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 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.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

4.10.1 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 centres. The Company recognizes the revenue from repair services when the service is provided to the customer.

4.10.2 Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide them with a right to incentives, lower portion discounts, rebates and promotions at the discretion of brand owners. Only the incentives and lower portion discounts give rise to variable consideration.

(i) Incentives and lower portion discounts

The Company provides retrospective sale incentives to certain customers once the quantity of products sold by those customers to end consumers during the period exceeds an agreed threshold. These incentives reduce the amounts payable by the customer. To estimate the variable consideration for the expected future incentives, the Company applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future incentives.

(ii) Rebates and promotions

The Company provides rebates and promotions 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. These do not constitute variable consideration as these rebates and promotions are decided by brand owners on specific categories based on market demand which is a factor outside the Company's influence and there is no established pattern of possible consideration amounts at time of sale. Therefore, these rebates and promotions are not adjusted in revenue from contract with customers.

4.10.3 Significant financing component

The Company receives few short-term advances from its customers and hence does not adjust the promised amount of consideration for the effects of a significant financing component as the effect of the same is not considered material.

4.10.4 Non cash consideration

The Company's receivables against the transfer of goods to customers are usually settled in cash.

4.10.5 Consideration payable to customers

The Company records the consideration payable to customers when brand owners provide instructions to provide rebates and promotions to the customers. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

4.10.6 Contract balances

(i) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Accounting policy for initial recognition and subsequent measurement is disclosed in note 4.5 to these financial statements. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

(ii) 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.

(iii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

4.10.7 Costs to obtain a contract

The Company pays legal documentation costs for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense these costs because the amortization period of the asset that the Company otherwise would have used is one year or less.

4.10.8 Costs to fulfil a contract

The Company incurs carriage costs on delivery of goods to warehouses as well as to customers. The Company has elected to apply the optional practical expedient for costs to fulfil a contract which allows the Company to immediately expense these costs as the amortization period of the asset that the Company otherwise would have used is less than a year.

In case of carriage costs from shipping port to main warehouse, these costs are classified as domestic carriage which is part of cost of sales. In case of deliveries to regional warehouses and customers, these costs are included under freight outward which is part of selling and distribution cost.

4.11 Employees' Retirement Benefits - Defined Benefit Plan

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 except eligible retired employees' medical scheme 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 statement of profit or loss.

The Company faces the following risks on account of calculation of provision for employees benefits:

a) Salary increase / inflation risk:

The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

b) Discount rate risk:

The risk of changes in discount rate may have an impact on the plan's liability.

c) Mortality risk:

Actual mortality experience maybe different than that assumed in the calculation.

d) Withdrawal risk:

Actual withdrawals experience may different from that assumed in the calculation.

4.12 Foreign exchange

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using exchange rates applicable at the reporting date. All gains and losses on settlement and translation at period end are recognized in the statement of profit or loss.

4.13 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.

4.13.1 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, trade debts, loans and advances, other receivables and bank balances.

Financial assets - subsequent measurement

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

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

The Company's financial asset at fair value through profit or loss include investment in mutual funds.

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, other receivables, 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 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 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 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 credit losses expected 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 analysed. The expected credit losses are recognized in the statement of profit or loss. For bank balances, 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 statement of profit or loss.

4.13.2 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, lease liabilities, 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, lease liabilities, 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.

4.14 Offsetting financial instruments

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

4.15 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 Company has 'Distribution & Retail' and 'Assembly' as two distinct reportable segments. Accordingly, segment related information is presented in Note 46.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

4.17 Dividend and appropriation to reserves

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2022	30 June 2021
		Rupees	Rupees
Operating fixed assets		462,819,390	567,454,504
Right-of-use assets		273,769,550	686,445,732
	5.1	736,588,940	1,253,900,236

5.1

	30 June 2022				30 June 2021						
	Balance as on 01 July 2021	Additions	Transfer from right-of-use assets	Termination	Balance as on 30 June 2022	Charge for the period	Transfer from right-of-use assets	Termination	Balance as on 30 June 2022	Net book value as on 30 June 2022	Rate
Owned Assets											%
Building and renovations (Note 5.4)	108,158,357	1,307,190	-	-	109,465,547	2,885,887	-	-	7,327,822	102,137,725	2.5
Plant and machinery	224,328,857	21,525,598	-	-	245,854,455	22,421,119	-	-	31,655,808	214,198,647	10
Furniture and fixtures	24,130,183	393,167	-	-	24,523,350	8,127,580	-	-	21,352,107	3,171,243	33
Computers	41,674,504	2,583,624	-	-	44,258,128	7,477,034	-	-	23,329,040	20,929,088	33
Office equipment	253,351,561	6,603,239	-	-	259,954,800	82,766,751	-	-	144,803,220	115,151,580	33
Motor vehicles	54,162,315	-	-	-	54,162,315	13,369,561	-	-	46,831,208	7,231,107	25
Right-of-use assets											
Motor vehicles	705,805,777	32,412,818	-	-	738,218,595	137,047,932	-	-	275,399,205	462,819,390	
Lease hold land	70,045,475	17,727,490	-	-	87,772,965	22,598,491	-	-	62,385,952	25,387,013	25
Rented premises-buildings	481,537,889	-	-	(344,940,738)	136,597,151	25,863,382	-	(56,941,268)	-	-	10
	896,524,102	17,727,490	-	(355,164,514)	559,087,078	137,651,236	-	(62,412,078)	222,931,576	248,382,537	10 - 20
Total	1,602,329,879	50,140,308	-	(355,164,514)	1,297,305,673	274,699,168	-	(62,412,078)	560,716,733	736,588,940	

30 June 2021

	30 June 2021				30 June 2021						
	Balance as on 01 July 2020	Additions	Transfer from right-of-use assets	Termination	Balance as on 30 June 2021	Charge for the period	Transfer from right-of-use assets	Termination	Balance as on 30 June 2021	Net book value as on 30 June 2021	Rate
Owned Assets											%
Building on lease hold land	-	108,158,357	-	-	108,158,357	4,441,935	-	-	4,441,935	103,716,422	10
Plant & machinery	-	224,328,857	-	-	224,328,857	9,234,689	-	-	9,234,689	215,094,168	10
Furniture and fixtures	15,502,464	8,627,719	-	-	24,130,183	6,609,687	-	-	13,224,527	10,905,656	33
Computers	14,004,875	27,669,629	-	-	41,674,504	8,688,736	-	-	15,852,006	25,822,498	33
Office equipment	45,916,395	207,435,166	-	-	253,351,561	45,352,345	-	-	62,036,469	191,315,092	33
Motor vehicles	47,720,480	6,441,835	-	-	54,162,315	12,045,261	-	-	33,561,647	20,600,668	25
Right-of-use assets											
Motor vehicles	56,288,625	19,315,600	-	(5,558,750)	70,045,475	19,232,166	-	(1,888,452)	39,787,461	30,258,014	25
Lease hold land	-	344,940,738	-	-	344,940,738	31,077,886	-	-	31,077,886	313,862,852	10
Rented premises-buildings	424,139,029	146,418,178	-	(89,019,318)	481,537,889	96,246,188	-	(9,210,521)	139,213,023	342,324,865	10 - 33
	480,427,654	510,674,516	-	(94,578,068)	896,524,102	146,556,240	-	(11,098,973)	210,078,370	686,445,732	
Total	603,571,868	1,093,336,079	-	(94,578,068)	1,602,329,879	232,928,893	-	(11,098,973)	348,429,643	1,253,900,236	

5.2 There are fully depreciated assets, having cost of Rs. 5,264,217 (30 June 2021: Rs. 3,726,130) that are still in use as at the reporting date.

5.3 Company's immovable fixed assets including land are located at 152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore having area of 77,637 square feet.

5.4 The building was constructed on a lease hold land in prior year, whereas the lease hold land was capitalized as a right-of-use asset for a term of 10 years. During the year, this land was purchased by Select Technologies (Private) Limited, a subsidiary of the Company, resulting in termination of the lease contract against this land. Consequently, the term "Building on lease hold land" has been updated to "Building and renovations" having a revised useful life of 40 years. There is no rent being charged by the subsidiary against use of this land.

5.5 The depreciation charge for the year has been allocated as follows:

	Note	30 June 2022	30 June 2021
		Rupees	Rupees
Cost of sales	30	53,391,728	21,626,328
Administrative expenses	31	93,193,883	93,581,998
Selling and distribution cost	32	128,113,557	117,720,567
		274,699,168	232,928,893

	Note	30 June 2022 Rupees	30 June 2021 Rupees
6 INTANGIBLES - Software			
Cost:			
As at 1 July		30,178,280	13,511,171
Additions during the year		9,145,374	16,667,109
As at 30 June		<u>39,323,654</u>	<u>30,178,280</u>
Accumulated amortization:			
As at 1 July		12,161,926	4,702,684
Charge for the year	6.1	11,706,708	7,459,242
As at 30 June		<u>23,868,634</u>	<u>12,161,926</u>
Net book value		<u>15,455,020</u>	<u>18,016,354</u>
Rate of amortization		<u>33%</u>	<u>33%</u>
6.1 The amortization charge for the year has been allocated as follows:			
Cost of sales	30	2,224,275	469,880
Administrative expenses	31	4,214,413	6,989,362
Selling and distribution cost	30	5,268,020	-
		<u>11,706,708</u>	<u>7,459,242</u>
7 INVESTMENT IN SUBSIDIARY			
Investment in Select Technologies (Private) Limited - at cost		<u>5,000,000,000</u>	-
During the year, the Company incorporated a wholly-owned subsidiary under the name of Select Technologies (Private) Limited. 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 description, accessories, components, attachments and bodies used for or in connection with the aforementioned mobile phones.			
	Note	30 June 2022 Rupees	30 June 2021 Rupees
8 DEFERRED TAX ASSET / (LIABILITY)			
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		(12,546,716)	(65,216,875)
Deferred tax assets on deductible temporary differences			
Lease liabilities - net		23,917,301	7,137,286
Defined benefit liability		8,226,909	10,069,493
Provision for net realizable value adjustment		750,540	4,001,891
Refund liabilities		101,998	8,764,277
Provision for expected credit loss		3,312,765	20,004,123
		<u>23,762,797</u>	<u>(15,239,805)</u>
Reconciliation of deferred tax, net			
As at 1 July		(15,239,805)	81,263,214
Recognized in statement of profit or loss	36	37,776,626	(96,860,050)
Recognized in other comprehensive income		1,225,976	357,031
As at 30 June		<u>23,762,797</u>	<u>(15,239,805)</u>
8.1 Deferred tax asset has been recognized based on assessment that the Company will fall under Normal Tax Regime in future years and shall have sufficient taxable profits against which this deferred tax asset shall be utilized.			
	Note	30 June 2022 Rupees	30 June 2021 Rupees
9 STOCK IN TRADE			
Raw material		437,698,159	393,763,974
Work in process		8,152,105	19,576,154
Mobile phones		1,328,007,868	1,254,026,953
Spare parts		146,012,883	79,678,663
		<u>1,919,871,015</u>	<u>1,747,045,744</u>
Provision for net realizable value	9.1	(2,274,365)	(13,799,624)
		<u>1,917,596,650</u>	<u>1,733,246,120</u>
Goods in transit		1,240,955,092	1,800,427,746
		<u>3,158,551,742</u>	<u>3,533,673,866</u>
9.1 Movement in provision for net realizable value is as follows:			
Opening balance		13,799,624	32,675,515
Reversal during the year		(11,525,259)	(18,875,891)
		<u>2,274,365</u>	<u>13,799,624</u>
10 TRADE DEBTS			
Considered good - unsecured			
Local		3,762,539,710	4,034,354,128
Exports		-	1,425,887,763
		<u>3,762,539,710</u>	<u>5,460,241,891</u>
Allowance for expected credit loss	10.1	(10,038,682)	(68,979,736)
		<u>3,752,501,028</u>	<u>5,391,262,155</u>

	Note	30 June 2022	30 June 2021
		Rupees	Rupees
10.1	Movement in allowance for expected credit loss is as follows:		
Opening balance		68,979,736	60,390,940
Reversal during the year	34	(68,979,736)	(60,390,940)
Charge during the year	31	10,038,682	68,979,736
		(58,941,054)	8,588,796
		<u>10,038,682</u>	<u>68,979,736</u>
10.2	Age analysis of these trade debts is disclosed in Note 41.2.1.		
11	LOANS AND ADVANCES		
Advances considered good - unsecured			
To suppliers against deliver of goods	11.1	31,878,274	152,235,346
To employees against salary	11.2	26,672,613	18,883,649
To employees against company expenses		104,300	154,300
To employees against loaned / mobile sets		1,102,359	401,672
		<u>59,757,546</u>	<u>171,674,967</u>
11.1	This represents amount given as advance to suppliers against purchase of stock in trade.		
11.2	These are interest free loan provided to employees repayable in one year. Since the maturity of loan is less than one year, the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not recognized being immaterial.		
12	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	12.1	78,405,728	29,308,107
Prepayments		18,787,641	3,160,002
		<u>97,193,369</u>	<u>32,468,109</u>
12.1	This represents amount deposited with brand owners against purchase of parts and deposit with logistics company.		
13	OTHER RECEIVABLES		
Margin against letters of credit and contracts		1,871,704,954	2,283,571,862
Due from brand owners	13.1	1,036,979,618	1,384,192,837
Receivable from subsidiary	13.2	947,860,458	-
Bank guarantee		3,500,000	3,000,000
Claims from courier against lost items		1,808,785	1,808,785
Earnest money		-	32,000,000
Insurance claims	13.3	-	99,430,680
		<u>3,861,853,815</u>	<u>3,804,004,164</u>
Less: Allowance for expected credit loss	13.4	-	(50,659,247)
		<u>3,861,853,815</u>	<u>3,753,344,917</u>
13.1	This represents due from brand owners on account of various incentives and promotions offered by them.		
13.2	This represents an amount receivable from subsidiary against expenses incurred to meet working capital needs of the subsidiary. This amount carries markup charged at 3 month KIBOR plus 3% and is expected to be repaid within one month from the reporting year end. The maximum aggregated amount outstanding at any month end is Rs. 947,860,458 (2021: Rs. Nil). Since the amount will be settled within one month from the date of the financial statements, the impact of present value adjustment under IFRS 9 'Financial Instruments' has been considered immaterial.		
13.3	This represented amount receivable from Premier Insurance Limited (PIL) against which the Company had filed an application in Insurance Tribunal for recovery of the same on the grounds that PIL deviated from its legal and contractual obligations and despite payment of premium by the Company, PIL had arbitrarily withheld the amounts claimed. During the year, the said amount has been adjusted against the general reserve.		
13.4	Movement in allowance for expected credit loss is as follows:		
Opening balance		50,659,247	-
(Reversal) / charged during the year	31	(50,659,247)	50,659,247
		<u>-</u>	<u>50,659,247</u>
14	TAX REFUNDS DUE FROM THE GOVERNMENT		
Advance income tax	14.1	164,044,545	160,808,854
Sales tax		2,579,086	84,050,779
		<u>166,623,631</u>	<u>244,859,633</u>
14.1	This represents the amount of advance income tax recoverable from tax authorities net of current year's provision for taxation amounting to Rs. 841,614,357 (2021: Rs. 787,944,002).		
15	SHORT TERM INVESTMENTS		
Financial assets at amortized cost			
Term deposits	15.1	845,600,000	366,400,000
Term finance certificate	15.2	100,000,000	100,000,000
Accrued markup		19,093,864	1,790,162
		<u>964,693,864</u>	<u>468,190,162</u>
Financial assets at fair value through profit or loss			
Investment in mutual funds	15.3	44,833,159	41,310,624
		<u>1,009,527,023</u>	<u>509,500,786</u>

- 15.1 These term deposits (TDR's) have face value of Rs. 845.6 million (30 June 2021: Rs. 366.4 million) and carry mark up of 5% to 10% (30 June 2021: 5% to 8%), having maturity period 30 days to 180 days (30 June 2021: 30 days to 90 days). These TDR's are under lien against funded facilities obtained from financial institutions.
- 15.2 This term finance certificate has face value of Rs. 100 million (30 June 2021: Rs. 100 million) and carry mark up at the rate of 6 months KIBOR + 2.25 % (30 June 2021: 6 Months KIBOR + 2.25%), having maturity period of 180 days (30 June 2021: 180 days). This term finance certificate is under lien against funded facilities obtained from financial institutions.
- 15.3 The amount relates to 454,629.56 units (30 June 2021: 422,772.1690 units) of JS Islamic Hybrid Fund of Funds II (JS Islamic Capital Preservation Allocation Plan III) managed by JS Investments Limited.
- 15.4 Movement in financial assets is as follows:

	At amortized cost		At fair value through profit and loss	
	Term Deposit	Term Finance Certificate	Investment in mutual funds	Total
30 June 2022				
Opening balance	368,190,162	100,000,000	41,310,624	509,500,786
Additions	479,200,000	-	-	479,200,000
Deletions	-	-	-	-
Mark up accrued	37,378,154	11,809,098	-	49,187,252
Fair value gain on investment	-	-	3,522,535	3,522,535
Mark up received	(20,074,452)	(11,809,098)	-	(31,883,550)
	<u>864,693,864</u>	<u>100,000,000</u>	<u>44,833,159</u>	<u>1,009,527,023</u>
30 June 2021				
Opening balance	588,676,313	101,887,000	34,567,128	725,130,441
Additions	-	-	29,000,000	29,000,000
Deletions	(200,000,000)	-	(26,000,000)	(226,000,000)
Mark up accrued	40,879,412	9,521,351	-	50,400,763
Fair value gain on investment	-	-	3,743,496	3,743,496
Mark up received	(61,365,563)	(11,408,351)	-	(72,773,914)
	<u>368,190,162</u>	<u>100,000,000</u>	<u>41,310,624</u>	<u>509,500,786</u>

- 15.5 Movement in gain on remeasurement of financial assets at fair value through profit or loss is as follows:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Balance as at 1 July		2,627,060	(1,116,436)
Fair value gain during the year		3,522,535	3,743,496
Closing Balance		<u>6,149,595</u>	<u>2,627,060</u>

16 CASH AND BANK BALANCES

Cash in hand		31,820,223	14,936,115
Cash at bank - current accounts		958,476,164	650,731,335
- savings account	16.1	848	166,485,862
		<u>990,297,235</u>	<u>832,153,312</u>

- 16.1 This carries markup at the rate of 4.25% per annum (2021: 4% per annum).

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2022		30 June 2021		30 June 2022	30 June 2021
No. of shares				Share Capital	
192,692,308	125,000,000	Ordinary shares of Rs. 10 each (30 June 2021: Rs. 10 each) fully paid in cash	1,926,923,080	1,250,000,000	
202,576,923	175,000,000	Ordinary shares of Rs. 10 each (30 June 2021: Rs. 10 each) fully paid as bonus shares	2,025,769,230	1,750,000,000	
<u>395,269,231</u>	<u>300,000,000</u>		<u>3,952,692,310</u>	<u>3,000,000,000</u>	

- 17.1 Movement in share capital as follows:

	No. of Shares		Share Capital	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Opening balance				
- Ordinary shares of Rs. 10 each fully paid in cash	125,000,000	125,000,000	1,250,000,000	1,250,000,000
- Bonus shares of Rs. 10 each fully paid as bonus shares	175,000,000	175,000,000	1,750,000,000	1,750,000,000
Movement during the year				
-Conversion of long term loan amounting Rs. 400 million at the rate of Rs. 52 per share	7,692,308	-	76,923,080	-
-Issuance of shares against initial public offering at the rate of Rs. 71.5 per share	60,000,000	-	600,000,000	-
-Issuance of bonus shares at face value of Rs. 10	27,576,923	-	275,769,230	-
Closing balance				
- Ordinary shares of Rs. 10 each fully paid in cash	192,692,308	125,000,000	1,926,923,080	1,250,000,000
- Bonus shares of Rs. 10 each fully paid as bonus shares	202,576,923	175,000,000	2,025,769,230	1,750,000,000
	<u>395,269,231</u>	<u>300,000,000</u>	<u>3,952,692,310</u>	<u>3,000,000,000</u>

	Note	30 June 2022 Rupees	30 June 2021 Rupees
18 SHARE PREMIUM - CAPITAL RESERVE			
Movement in share premium reserve as follows:			
Balance as at 1 July		-	-
Conversion of long term loan into ordinary shares	20.1.1	323,076,920	-
Issuance of shares against initial public offering	1.2	3,690,000,000	-
Transaction cost on issuance of ordinary shares	18.2	(181,130,882)	-
Issue of bonus shares for the year ended 30 June 2021 at the rate of 7.5%		(275,769,230)	-
		<u>3,556,176,808</u>	<u>-</u>
18.1	This reserve can be utilized by the Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.		
18.2	This represents consulting and book runner fee paid to JS Global Capital Limited.		
19 SHARE DEPOSIT MONEY			
Balance as at 1 July		400,000,000	-
Transfer from long term loan	20.1.1	-	400,000,000
Conversion into ordinary shares.		(400,000,000)	-
		<u>-</u>	<u>400,000,000</u>
20 LONG TERM LOANS			
JS Bank Limited and PCF Communication Investments (Private) Limited	20.1	133,333,333	393,435,951
JS Bank Limited	20.2	22,832,239	68,251,302
Orix Leasing Pakistan Limited	20.3	77,236,273	122,548,311
Saudi Pak Industrial and Agricultural Investment Company Limited	20.4	800,000,000	-
Pak Oman Investment Company	20.5	270,000,000	-
Add: Accrued markup		39,455,067	28,318,519
		<u>1,342,856,912</u>	<u>612,554,083</u>
Less: Current portion shown under current liabilities		(426,789,550)	(438,747,989)
Less: Accrued markup presented in current liabilities	24	(39,455,067)	(28,318,519)
		<u>876,612,295</u>	<u>145,487,575</u>

- 20.1** This represents loan obtained from JS Bank Limited and PCF Communication Investments (Private) Limited to meet working capital requirements of the Company. The Company has agreed to issue redeemable capital in the form of secured and convertible term finance certificates subject to the requirements of the Private Placement Securities Rules, 2017. The rate of mark up on loan is 3 months KIBOR + 1%.

This loan is convertible into ordinary shares on meeting covenants agreed in the subscription agreement. However, the loan, if not converted into ordinary shares, shall be redeemable after 31 December 2021 in the event Company does not meet criteria set out in the subscription agreement with loan providers. Based on these facts, the Company had determined that liability to redeem shares existed at the prior year reporting date, therefore, this loan had been presented as a compound financial instrument and the current portion had been recognized under current liabilities. However, in current year, the present value of future cash flows have been discounted at market interest rate of 3 months KIBOR plus 250 bps and difference is accounted for as an equity reserve in financial statements. This loan is secured against joint pari passu charge over current assets of the Company.

	30 June 2022 Rupees	30 June 2021 Rupees
Opening balance	393,435,951	767,733,610
Unwinding during the year	12,540,725	25,702,341
Transferred to share deposit money	-	(400,000,000)
Modification of long term loan	(4,661,270)	-
Repayment	(267,982,073)	-
	<u>133,333,333</u>	<u>393,435,951</u>
To be unwound in future years	<u>1,521,948</u>	<u>6,564,049</u>
	<u>134,855,281</u>	<u>400,000,000</u>

- 20.1.1** On 25 May 2021, the Company obtained approval from Securities Exchange Commission of Pakistan for conversion of redeemable capital amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited into 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share. Accordingly, the corresponding portion of loan had been transferred to share deposit money in prior year. On 10 September 2021, this share deposit money has been converted into ordinary shares.
- 20.2** The Company has obtained long term finance facility from JS Bank Limited under State Bank of Pakistan refinance scheme for payment of wages and salaries of workers and employees for the month of April 2020 to June 2020. This represents amount of term finance facility for paying salaries for the month of April 2020 and May 2020. The facility is repayable in eight equal quarterly instalments, payable quarterly in arrears, commencing after a grace period of 6 months and it carries markup at the rate of 3% per annum. However, till the grant of refinance from SBP, markup is charged at 1 month KIBOR plus 2%. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial. This facility is secured against lien over term deposit receipts of Rs. 190 million (30 June 2021: 190 million) and JSIL of Rs. 31.91 million (30 June 2021: 10 million), lien against already issued JSIL funds with 20% margin and personal guarantees of the directors.
- 20.3** This represents loan obtained from Orix Leasing Pakistan Limited under sale and lease back arrangement of different machinery including but not limited to mobile assembly units, air conditioner including VRF system, elevator, electrical equipment's vehicles. As the transfer of the assets did not meet the criteria of sales under IFRS 15 Revenue from Contracts with Customers therefore the said transaction has been treated under IFRS 9. The loan carries mark-up of 6 months KIBOR+ 5% and is repayable in 36 equal monthly instalments. The loan is secured against the leased assets.

- 20.4 This represents loan of PKR 800 million obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to meet working capital requirements of the Company. This loan is obtained for the period of 5 years and grace period is 1 year from date of first disbursement. The rate of mark up on loan is 3 months KIBOR + 2.5%. This facility is secured against all present and future current assets of the Company.
- 20.5 This represents loan of PKR 300 million obtained from Pak Oman Investment Company Limited to meet working capital requirements of the Company. This loan is obtained for the period of 3 years and grace period is 6 month from date of first disbursement. The rate of mark up on loan is 3 months KIBOR + 2%. This facility is secured against all present and future current assets and non current assets of the Company.

21 LEASE LIABILITIES

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) ranges from 9.39% to 12.69%. The amounts of future payments and the periods in which they will become due are:

Year ending	30 June 2022 Rupees	30 June 2021 Rupees
2022	-	169,133,039
2023	124,560,085	163,865,032
2024	103,824,392	139,281,335
2025	77,220,918	137,782,181
2026	30,644,485	84,182,932
2027	79,820,219	387,036,499
	416,070,099	1,081,281,018
Less: Future finance charges	(69,823,877)	(370,223,955)
Present value of lease payments	346,246,222	711,057,063
Less: Current maturity shown under current liabilities	(104,179,241)	(89,901,750)
	242,066,981	621,155,313

21.1 Lease Payments (LP) and their Present Value (PV) are as follows:

	30 June 2022		30 June 2021	
	LP Rupees	PV of LP Rupees	LP Rupees	PV of LP Rupees
Due not later than 1 year	124,560,085	104,179,241	169,133,039	89,901,750
Due later than 1 year but not later than 5 years	291,510,014	242,066,981	912,147,979	621,155,313
	416,070,099	346,246,222	1,081,281,018	711,057,063

21.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Opening balance		711,057,063	370,486,836
Reassessment of lease		-	32,573,783
Lease liabilities acquired during the year		17,727,490	458,439,687
Mark-up on lease liabilities - rented premises	35	83,663,854	84,447,089
Termination of lease		(336,149,214)	(72,715,662)
		476,299,193	873,231,733
Lease rentals paid		(130,052,971)	(162,174,670)
Closing balance		346,246,222	711,057,063

- 21.3 The Company had total cash outflows for leases of Rs. 130,052,971 (2021: Rs. 162,174,670). The non-cash additions to right-of-use assets and lease liabilities amounts to Rs. 17,727,490 and Rs. 17,727,490 respectively. (2021: Right-of-use assets and lease liabilities of Rs. 510,674,516 and Rs. 458,439,687 respectively).

22 DEFINED BENEFIT LIABILITY

UNFUNDED GRATUITY

22.1 The amounts recognized in the statement of financial position are:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Present value of defined benefits obligation		24,930,028	34,722,393

22.2 The amounts recognized in the statement of profit or loss are:

Current service cost		10,603,029	11,397,238
Interest cost on defined benefit obligation		3,480,969	1,651,736
Expense recognized in the statement of profit or loss		14,083,998	13,048,974

22.3 The charge for the year has been allocated as follows:

Cost of sales	30	-	142,250
Administrative expenses	31	14,083,998	12,906,724
		14,083,998	13,048,974

22.4	Movement in the net present value of defined benefit obligation is:	Note	30 June 2022	30 June 2021
			Rupees	Rupees
	Net liabilities at the beginning of the year		34,722,393	29,188,579
	Current service cost		10,603,029	11,397,238
	Interest cost on defined benefit obligation		3,480,969	1,651,736
	Remeasurements charged to other comprehensive income			
	-Actuarial assumption		3,715,078	1,231,140
			<u>52,521,469</u>	<u>43,468,693</u>
	Less: Payments during the year		(27,591,441)	(8,746,300)
	Net liabilities at the end of the year		<u>24,930,028</u>	<u>34,722,393</u>

Qualified actuaries have carried out the valuation as at 30 June 2022. The projected unit credit method, based on the following significant assumptions, is used for valuation:

	30 June 2022	30 June 2021
Discount rate for interest cost	13.25%	10.00%
Discount rate for obligation	13.25%	10.00%
Expected rates of salary increase in future years	5.00%	5.00%
Retirement assumption	Age 60	Age 60
Mortality rate	SLIC 2001-2005 with one year setback	SLIC 2001-2005 with one year setback

The risks to which plan is exposed include salary, demographic, investment and discount risks. If the significant actuarial assumptions (relating to major risks) used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

Sensitivity level	Assumption	Impact on defined benefit obligation (Rupees)
+100 bps	Discount rate	(21,620,547)
-100 bps	Discount rate	23,572,668
+100 bps	Expected increase in salary	23,643,167
-100 bps	Expected increase in salary	(21,538,431)
+1 year	Mortality rate	3,303,229
-1 year	Mortality rate	(2,916,758)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

The average duration of the defined benefit plan obligation at the end of the reporting year is 5 years.

23	SHORT TERM BORROWINGS	Note	30 June 2022	30 June 2021
			Rupees	Rupees
	JS Bank Limited	23.1	1,765,788,891	2,958,308,505
	Bank AL Habib Limited	23.2	938,310,383	1,937,956,517
	Dubai Islamic Bank	23.3	131,481,501	263,972,993
	Bank Alfalah Limited	23.4	-	439,388,038
	Askari Bank Limited	23.5	237,000,000	486,000,000
	Bank of Khyber	23.6	863,475,959	-
	Accrued markup		82,482,513	82,412,417
			<u>4,018,539,247</u>	<u>6,168,038,470</u>
	Less: Accrued markup presented in current liabilities	24	(82,482,513)	(82,412,417)
			<u>3,936,056,734</u>	<u>6,085,626,053</u>

23.1 Working capital facilities obtained from JS Bank comprise of letter of credit (sight) amounting to Rs. 2,300 million (30 June 2021: Rs. 800 million), shipping guarantees of Rs. 1,200 million [30 June 2021: Rs. 800 Million (sublimit of finance against trust receipt)], short term finance of Rs. 1,500 million (30 June 2021: Rs. 600 million), running finance of Rs. 200 million (30 June 2021: Rs. 600 million), Finance against trust receipt of PKR 1,200 million (30 June 2021: Nil) and bank guarantee of Rs. 20 million [30 June 2021: Rs. 20 million (sublimit of running finance)], Short term finance of Rs. Nil (30 June 2021: Rs. 1,000 million) and finance against imported merchandise of Rs. Nil (30 June 2021: Rs. 200 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 187.55 million (30 June 2021: Rs. 151.228 million), first pari passu hypothecation charge of Rs. 3,700 billion (30 June 2021: Rs. 2,400 billion) over all present and future current assets, lien of term deposits and personal guarantees of all directors. The rate of mark up on funded facilities is 3 months KIBOR + 2% (30 June 2021: 3 months KIBOR + 2%).

23.2 Working capital facilities obtained from Bank AL Habib comprise of LC sight amounting Rs. 2,500 million (30 June 2021: Rs. 2,500 million), running finance facility of Rs. 560 million (30 June 2021: Rs. 3,060 million), finance against trust receipt (FATR is sublimit of RF) of Rs. 640 million (30 June 2021: Rs. 640 million) and short term finance facility of Rs. 150 million (30 June 2021: Rs. 150 million), one time short term finance of Rs. Nil (30 June 2021: Rs. 200 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 347 million (30 June 2021: Rs. 347 million) and pari passu / joint pari passu charge over current assets of Rs. 5,500 million (30 June 2021: Rs. 5,500 million), cash margin, lien over term deposits, term certificates, current accounts and import documents, personal guarantees of Directors and mortgagors of Rs. 7,800 million (30 June 2021: Rs. 7,800 million) and cross corporate guarantees. The rate of mark up on funded facilities is 3 months KIBOR + 1%(RF) & 3 months KIBOR + 2% (FATR) (30 June 2021: 3 months KIBOR + 1%(RF) & 3 months KIBOR + 2% (FATR)).

23.3 Working capital facilities obtained from Dubai Islamic Bank comprise of LC sight amounting Rs. 700 million (30 June 2021: Rs. 700 million), shipping guarantee (sublimit of LC) of Rs. 700 million (30 June 2021: Rs. 700 million), letter of credit usance / acceptance of Rs. Nil (30 June 2021: Rs. 600 million) and import Murabaha / Istisna cum Wakala of Rs. 525 million (30 June 2021: Rs. 1,400 million) of which import Murabaha is of Rs. 525 million (30 June 2021: Rs. 600 million). These facilities are secured against 1st pari passu / joint pari passu charge of Rs. 700 million (30 June 2021: Rs. 1,860 million) over current assets of the company, cash margin and lien over term deposits is 60% of import Murabaha. The rate of mark up on funded facilities is 3 months KIBOR + 2.5% (30 June 2021: 3 months KIBOR + 2.5%).

23.4 Working capital facilities obtained from Bank Alfalah comprise of short term finance facility of Rs. 250 million (30 June 2021: Rs. 225 million), finance against trust receipt Rs. Nil (30 June 2021: Rs. 425 million) and sight LC of Rs. 350 million (30 June 2021: Rs. 500 million). These facilities are secured against 1st joint pari passu charge over present & future current assets of company of Rs. 700 million (30 June 2021: Rs. 700 million) and personal guarantee of all directors of the company. The rate of mark up on funded facilities is 1 month KIBOR + 2% (30 June 2021: 1 month KIBOR + 2%).

23.5 Working capital facilities obtained from Askari Bank Limited comprise of letter of credit (sight) amounting to Rs. 500 million (30 June 2021: Rs. 500 million), shipping guarantees of Rs. 500 million (30 June 2021: Rs. 500 million (sublimit of letter of credit (sight))) and short term finance of Rs. 500 million (30 June 2021: Rs. 500 million) (sublimit of letter of credit (sight)). These facilities are secured against personal guarantees of directors along with their net worth statements. These facilities are secured against ranking charge of Rs. Nil (30 June 2021: Rs. Nil) and joint pari passu charge of Rs. 334 million (30 June 2021: Rs. 334 million) over all present and future current assets of the company, TDR covering 50% of outstanding exposure at all times. The rate of mark up on funded facilities is 3 months KIBOR + 1.9% (30 June 2021: 3 months KIBOR + 1.9%).

23.6 Working capital facilities obtained from Bank of Khyber comprise of letter of credit (sight) amounting to Rs. 600 million (30 June 2021: Rs. Nil), shipping guarantees of Rs. 350 million (30 June 2021: Rs. Nil) (sublimit of finance against trust receipt), finance against trust receipt of Rs. 600 million (30 June 2021: Nil (sublimit of letter of credit)), one time running finance pf Rs. 300 million (30 June 2021: Nil). These facilities are secured against personal guarantees of directors along with their net worth statements. These facilities are secured against ranking charge of Rs. 400 million (30 June 2021: Rs. Nil) over all present and future current assets of the company, TDR / Lien covering 50% of outstanding exposure of Finance against trust receipt at all times. The rate of mark up on funded facilities is 3 months KIBOR + 2% (30 June 2021: Nil).

	Note	30 June 2022 Rupees	30 June 2021 Rupees
24 ACCRUED MARKUP			
Long term loans	20	39,455,067	28,318,519
Short term borrowings	23	82,482,513	82,412,417
		<u>121,937,580</u>	<u>110,730,936</u>
25 REFUND LIABILITIES			
Arising from retrospective incentives and lower portion discounts		309,084	30,221,644
26 CONTRACT LIABILITIES			
Advances from customers in respect of revenue recognized at a point in time		<u>152,365,597</u>	<u>82,882,488</u>
26.1 This represents the liability recognized in respect of consideration received from customers before the satisfaction of performance obligation. Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the year amounts to Rs. 82,882,488 (2021: 117,073,114).			
26.3 The balance of contract liability as at 30 June 2022, is expected to be recognized as revenue within one year.			

	Note	30 June 2022 Rupees	30 June 2021 Rupees
27 TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES			
Trade payables		-	1,050,104,185
Incentives and promotions payable		-	143,969,719
Accrued expenses		16,454,036	57,306,627
Withholding tax payable		229,504,765	89,839,256
Workers' Welfare Fund	27.1	106,353,886	55,535,806
Workers' Profit Participation Fund	27.2	37,644,335	-
Other payables	27.3	857,795	3,239,448
		<u>390,814,817</u>	<u>1,399,995,041</u>
27.1 Movement in Workers' Welfare Funds			
As at 1 July		55,535,806	6,684,326
Charge for the year	33	50,818,080	48,851,480
As at 30 June		<u>106,353,886</u>	<u>55,535,806</u>
27.2 Movement in Workers' Profit Participation Funds			
As at 1 July		-	-
Charge for the year	33	37,644,335	-
As at 30 June		<u>37,644,335</u>	<u>-</u>
27.3 This includes rebate payable amounting to Rs.237,657 (30 June 2021: Rs. 2.43 million) which is adjustable against due from brand owners (note 13).			

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

A number of legal cases have been filed against the Company by individuals at various forums relating to several disputes / difference of opinion primarily in relation to consumer court matters. Due to their nature, it is not possible to quantify their financial impact at present. However, the management and the Company's legal advisors are of the view that the outcome of these cases is expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made for any liability that may arise as a result of these cases in these financial statements.

	Note	30 June 2022 Rupees	30 June 2021 Rupees
28.2 Commitments			
Letters of credit		1,871,704,954	2,283,571,862
Bank guarantees		3,500,000	3,000,000
		<u>1,875,204,954</u>	<u>2,286,571,862</u>
29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Sales - local		48,506,332,805	51,367,832,877
Sales - export		62,085,188	-
Service income		72,128,238	42,533,678
Gross sales		<u>48,640,546,231</u>	<u>51,410,366,555</u>
Less: Sales tax		(55,977,021)	(42,253,231)
		<u>48,574,569,210</u>	<u>51,368,113,324</u>
Less: Discounts		(2,414,867,354)	(3,995,310,932)
		<u>46,159,701,856</u>	<u>47,372,802,392</u>
Geographical region:			
Pakistan		48,578,461,043	51,410,366,555
UAE		62,085,188	-
		<u>48,640,546,231</u>	<u>51,410,366,555</u>
Timing of transfer of goods and services:			
At a point in time		<u>48,640,546,231</u>	<u>51,410,366,555</u>
30 COST OF SALES			
Raw material consumed		12,411,215,036	1,816,793,771
Packing material consumed		3,038,055	85,182,162
Cost of export sales		57,640,368	-
Sales tax - mobiles		424,840,573	2,381,239,558
Sales tax - tablets		7,608,143	8,400,988
Regulatory duty		1,597,867,040	3,132,573,750
Insurance		2,512,244	13,031,516
Clearing charges		15,743,927	52,267,363
Salaries, wages and benefits		380,591,401	75,459,409
Custom duty - tablets		2,501,112	22,280,620
Depreciation	5.5	53,391,728	21,626,328
Amortization	6	2,224,275	469,880
Staff retirement benefits - gratuity scheme	22.3	-	142,250
Domestic carriage		800,400	5,466,975
		<u>14,959,974,302</u>	<u>7,614,934,570</u>
Decrease in work-in-process		11,424,049	(19,576,154)
Cost of goods assembled		<u>14,971,398,351</u>	<u>7,595,358,416</u>
Increase finished goods		(5,418,133)	(75,172,379)
Cost of goods sold - own assembled		<u>14,965,980,218</u>	<u>7,520,186,037</u>
Cost of goods sold - imported for resale		21,752,361,642	35,050,824,156
Cost of goods sold - purchased locally for resale		4,669,511,992	-
		<u>41,387,853,852</u>	<u>42,571,010,193</u>
31 ADMINISTRATIVE EXPENSES			
Salaries and benefits		389,996,065	338,170,508
Rent, rates and taxes		512,000	2,317,699
Depreciation	5.5	93,193,883	93,581,998
Insurance		19,482,721	26,905,093
Legal and professional		9,360,761	26,779,254
Repair and maintenance		27,909,939	35,769,006
Fees and subscription		128,182,431	17,919,538
Utilities		29,270,816	14,914,503
Office expenses		20,268,999	17,415,193
Security service charges		16,320,349	12,249,497
Traveling and conveyance		29,069,356	9,265,941
Entertainment		25,100,356	8,971,748
Vehicle running expenses		15,501,244	7,718,050
Postage and telephone		5,818,660	7,445,464
Amortization	6	4,214,413	6,989,362
Printing and stationary		10,966,054	5,119,275
Staff retirement benefits - gratuity scheme	22.3	14,083,998	12,906,724
Auditors' remuneration	31.1	4,650,000	7,502,350
Allowance for expected credit loss - trade debts	10.1	10,038,682	8,588,796
Allowance for expected credit loss - other receivables	13.4	-	50,659,247
Charity and donation	31.2	18,200,324	11,256,863
Miscellaneous expenses		2,817,708	2,769,398
		<u>874,958,759</u>	<u>725,215,507</u>

	Note	30 June 2022 Rupees	30 June 2021 Rupees
31.1	Breakup of auditors' remuneration is as follows:		
Annual audit fee		3,800,000	1,950,000
Out of pocket expenses		150,000	70,000
Certificates and other assurance engagements		700,000	1,150,000
Capital market review		-	4,332,350
		<u>4,650,000</u>	<u>7,502,350</u>
31.2	No donation has been made to a single donee which comprise at least 10% of the total donations during the year.		
32	SELLING AND DISTRIBUTION COST		
	Note	30 June 2022 Rupees	30 June 2021 Rupees
Salaries, wages and benefits		226,562,417	270,678,535
Freight outward		69,043,384	117,952,497
Advertisement and promotions		43,539,850	17,987,772
Depreciation	5.5	128,113,557	117,720,567
Travelling and conveyance		29,756,159	12,340,449
Packing expenses		6,764,463	15,341,483
Amortization		5,268,020	-
Utilities		31,839,886	26,798,060
Insurance		1,769,718	2,168,523
		<u>542,657,454</u>	<u>580,987,886</u>
33	OTHER EXPENSES		
Loss on termination of lease		-	6,265,435
Workers' Welfare Fund	27.1	50,818,080	48,851,480
Workers' Profit Participation Fund	27.2	37,644,335	-
Foreign currency exchange loss		-	1,996,317
		<u>88,462,415</u>	<u>57,113,232</u>
34	OTHER INCOME		
Financial assets			
Reversal of expected credit loss - trade debts		68,979,736	-
Reversal of expected credit loss - other receivable		50,659,247	-
Profit on investments		56,112,791	50,400,763
Gain on termination of lease		43,406,778	-
Unrealized gain on financial assets at fair value through profit or loss	15.5	3,522,535	3,743,496
Modification gain on long term loan		4,656,579	-
Non-financial assets			
Provision written back		-	13,702,581
		<u>227,337,666</u>	<u>67,846,840</u>
35	FINANCE COST		
Mark up on borrowings		641,741,551	686,555,157
Bank charges		299,727,926	331,261,997
Lease financial charges	21.2	83,663,854	84,447,089
		<u>1,025,133,331</u>	<u>1,102,264,243</u>
36	TAXATION		
Current tax		866,126,384	787,944,002
Deferred tax - relating to origination of temporary differences	8	(37,776,626)	96,860,050
Prior year		(8,966,479)	14,249,638
	36.1	<u>819,383,279</u>	<u>899,053,690</u>
36.1	Reconciliation between tax expenses and accounting profit		
Accounting profit before taxation		<u>2,467,973,711</u>	<u>2,404,058,171</u>
Tax at applicable tax rate of 29% (2021: 29%)		715,712,376	697,176,870
Effect of expenses not allowed for tax		(42,303,806)	(1,176,669)
Effect of deductible expenses		50,451,414	-
Effect of deferred tax		(37,776,626)	96,860,050
Effect of fixed regime / FTR		(1,114,219)	91,943,801
Effect of prior years tax		(8,966,479)	14,249,638
Effect of minimum tax		43,691,548	-
Effect of super tax		99,689,071	-
Tax expense for the year		<u>819,383,279</u>	<u>899,053,690</u>

37	EARNINGS PER SHARE - BASIC AND DILUTED	Note	30 June 2022	30 June 2021
			Rupees	Rupees
	Profit attributable to ordinary equity holders for basic earnings	A	1,648,590,432	1,505,004,481
	Add: Unwinding of discount on convertible loan - net of tax	20.1	8,903,915	18,248,662
	Profit attributable to ordinary equity holders adjusted for the effect of dilution	B	<u>1,657,494,347</u>	<u>1,523,253,143</u>
			30 June 2022	30 June 2021
			Numbers	Numbers
	Weighted average number of ordinary shares for basic EPS	C	383,560,063	Restated 327,576,923
	Effect of potential dilution from convertible loan		1,886,088	13,286,714
	Weighted average number of ordinary shares adjusted for the effect of dilution	D	<u>385,446,151</u>	<u>340,863,637</u>
			30 June 2022	30 June 2021
			Rupees	Rupees
	Earning per share - basic	A/C	<u>4.30</u>	Restated <u>4.59</u>
	Earning per share - diluted	B/D	<u>4.30</u>	<u>4.47</u>

37.1 As explained in note 1.2, the Company had issued 60,000,000 new ordinary shares of Rs. 10 each through Initial Public Offering on 31 August 2021.

37.2 On 10 September 2021, long term loan amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited had been converted in to 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share.

38 RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary, associated companies, other related companies and the Company's directors and key management personnel. Balances with related parties are disclosed in respective notes to the financial statements. Significant transactions with related parties other than those disclosed elsewhere in financial statements are as follows:

Name of related party	Basis of relationship	Nature of transaction	2022 Rupees	2021 Rupees
Select Technologies (Private) Limited	Subsidiary	Expenses paid by the Company on behalf of the subsidiary	947,860,458	-
		Purchase of goods	60,331,100	-

39 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to Chief Executives and Executives of the Company are as follows:

	Number of persons	Managerial remuneration Rupees	Gratuity Rupees	Bonus Rupees	Total Rupees
30 June 2022					
Chief executive	1	48,000,000	3,327,698	-	51,327,698
Executive director	1	9,278,737	787,248	1,556,134	11,622,119
Executives	62	176,068,109	14,731,193	27,022,906	217,822,208
		<u>233,346,846</u>	<u>18,846,139</u>	<u>28,579,040</u>	<u>280,772,025</u>
30 June 2021					
Chief executive	1	59,936,768	1,807,585	-	61,744,353
Executive director	1	7,410,602	672,945	-	8,083,547
Executives	41	136,934,387	7,160,807	-	144,095,194
		<u>204,281,757</u>	<u>9,641,337</u>	-	<u>213,923,094</u>

The Chief Executive is provided with company-maintained car. No remuneration is paid to directors other than CEO and executive director.

40 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the statement of financial position:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Cash in hand	16	31,820,223	14,936,115
Cash at bank	16	958,477,012	817,217,197
		<u>990,297,235</u>	<u>832,153,312</u>

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise short-term borrowings and trade and other payables. The major portion of these financial liabilities include short term borrowing that is availed to meet the working capital requirements. The Company's principal financial assets include trade debts, other receivables, short term investment and cash and bank.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Company. This department also provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade debts, short-term investments.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at 30 June 2022 and 30 June 2021.

41.1.1 Interest rate risk

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on above mentioned financial instruments. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate

	30 June 2022	30 June 2021
Increase / decrease in basis points	+ / - 100	+ / - 100
Effect on profit before tax	42,747,647	62,016,715

41.1.2 Currency risk

Currency risk is the risk that the value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. Company is not exposed to the risk of changes in foreign exchange rates as the brand owners have agreed to compensate for any fluctuations in foreign currency movements.

41.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

41.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade debts.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Company is exposed to credit risk on trade debts, other receivables, short term investments (except investment in mutual funds) and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	30 June 2022 Rupees	30 June 2021 Rupees
Trade debts - unsecured	3,762,539,710	5,460,241,891
Other receivables	3,861,853,815	3,804,004,164
Short term investments	964,693,864	468,190,162
Bank balances	958,477,012	817,217,197
	<u>9,547,564,401</u>	<u>10,549,653,414</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

		Exposure at default	Expected credit loss	Expected credit loss rate
		Rupees	Rupees	
41.2.1 Trade Debts				
30 June 2022				
Not due	[A]	1,713,607,722	1,675,450	0.10%
Past due:				
1-30 days		890,943,725	1,553,064	0.17%
31-60 days		655,049,184	1,001,636	0.15%
61-90 days		213,386,761	921,744	0.43%
91-120 days		157,186,043	1,185,096	0.75%
Above 120 days		132,366,275	3,701,692	2.80%
	[B]	2,048,931,988	8,363,232	
	[A+B]	3,762,539,710	10,038,682	
30 June 2021				
Not due	[A]	1,883,449,624	235,507	0.01%
Past due:				
1-30 days		496,316,903	352,355	0.07%
31-60 days		548,042,329	384,557	0.07%
61-90 days		635,622,990	927,423	0.15%
91-120 days		428,894,682	2,624,777	0.61%
Above 120 days		1,467,915,363	64,455,117	4.39%
	[B]	3,576,792,267	68,744,229	
	[A+B]	5,460,241,891	68,979,736	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The information about the credit risk exposure on the Company's trade debts using a provision matrix is given above.

		Exposure at default	Expected credit loss	Expected credit loss rate
		Rupees	Rupees	
41.2.2 Other receivables				
30 June 2022		3,861,853,815	-	0.00%
30 June 2021		3,804,004,164	50,659,247	1.33%

41.2.3 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Ratings			30 June 2022	30 June 2021
	Agency	Short Term	Long term	Rupees	Rupees
Allied Bank Limited	PACRA	A-1+	AAA	-	3,540
Askari Bank Limited	PACRA	A-1+	AA+	53,435,625	74,444,203
Bank Alfalah Limited	PACRA	A-1+	AA+	4,034,574	255,455,854
Bank AL Habib Limited	PACRA	A-1+	AAA	136,034,933	29,546,477
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	82,829,686	167,295,765
Faysal Bank Limited	PACRA	A-1+	AA	3,495,505	1,038,943
Habib Bank Limited	JCR-VIS	A-1+	AAA	10,198,926	6,066,033
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,157,673	256,337,443
JS Bank Limited	PACRA	A-1+	AA-	1,571,315	51,175
Meezan Bank Limited	JCR-VIS	A-1+	AAA	37,225,019	3,674,583
MCB Bank Limited	PACRA	A-1+	AAA	18,908	19,518
Silk Bank Limited	JCR-VIS	A-2	A-	686,268	1,391,612
Soneri Bank Limited	PACRA	A-1+	AA-	2,650,468	2,130,042
Standard Chartered Bank	PACRA	A-1+	AAA	3,798,413	1,173,466
Summit Bank Limited	JCR-VIS	A-3	BBB-	13,915,131	5,923,316
Bank Islami Pakistan Limited	PACRA	A-1	A+	100	-
Bank of Khyber	PACRA	A-1	A	593,397,795	3,600
Bank of Punjab	PACRA	A-1+	AA+	931,398	3,158,281
Industrial & Commercial Bank of China Limited	S&P	-	A	1,018,886	-
United Bank Limited	JCR-VIS	A-1+	AAA	10,076,389	9,503,346
				<u>958,477,012</u>	<u>817,217,197</u>

41.2.4 With respect to credit risk arising from other financial assets of the Company, the Company's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

41.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand Rupees	Within one year Rupees	More than one year but less than five years Rupees	After five years Rupees	Total Rupees
30 June 2022					
Long term loans	-	456,195,760	747,206,085	100,000,000	1,303,401,845
Lease liabilities	-	124,560,085	291,510,014	-	416,070,099
Short term borrowings	191,017,692	3,745,039,042	-	-	3,936,056,734
Trade and other payables	-	390,814,817	-	-	390,814,817
Accrued markup	-	121,937,580	-	-	121,937,580
	<u>191,017,692</u>	<u>4,838,547,284</u>	<u>1,038,716,099</u>	<u>100,000,000</u>	<u>6,168,281,075</u>
30 June 2021					
Long term loans	-	513,372,774	109,332,297	-	622,705,071
Lease liabilities	-	169,133,039	525,111,480	387,036,499	1,081,281,018
Short term borrowings	925,365,172	5,160,260,881	-	-	6,085,626,053
Trade and other payables	-	1,399,995,041	-	-	1,399,995,041
Accrued markup	-	110,730,936	-	-	110,730,936
	<u>925,365,172</u>	<u>7,353,492,671</u>	<u>634,443,777</u>	<u>387,036,499</u>	<u>9,300,338,119</u>

Changes in liabilities arising from financing activities

	As at 1 July Rupees	Cash flows Rupees	New leases Rupees	Others Rupees	As at 30 June Rupees
30 June 2022					
Long term loans	584,235,564	719,166,281	-	-	1,303,401,845
Lease liabilities	711,057,063	(130,052,971)	17,727,490	(252,485,360)	346,246,222
Short term borrowings	6,085,626,053	(2,149,569,319)	-	-	3,936,056,734
Accrued markup	110,730,936	(630,534,907)	-	641,741,551	121,937,580
	<u>7,491,649,616</u>	<u>(2,190,990,916)</u>	<u>8,329,956,327</u>	<u>389,256,191</u>	<u>5,707,642,381</u>
30 June 2021					
Long term loans	827,847,263	156,388,301	-	(400,000,000)	584,235,564
Lease liabilities	370,486,836	(162,174,670)	458,439,687	44,305,210	711,057,063
Short term borrowings	8,183,936,642	(2,098,310,589)	-	-	6,085,626,053
Accrued markup	163,414,317	(739,238,538)	-	686,555,157	110,730,936
	<u>9,545,685,058</u>	<u>(2,843,335,496)</u>	<u>458,439,687</u>	<u>330,860,367</u>	<u>7,491,649,616</u>

42 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

	30 June 2022	30 June 2021
	Rupees	Rupees
The debt to equity ratio is as follows:		
Long term loan	1,342,856,912	612,554,083
Short term borrowings	4,018,539,247	6,168,038,470
Cash and cash equivalent	(990,297,235)	(832,153,312)
Net debt	<u>4,371,098,924</u>	<u>5,948,439,241</u>
Total equity	11,767,584,972	6,479,155,448
Total capital	<u>16,138,683,896</u>	<u>12,427,594,689</u>
Capital gearing ratio	<u>27%</u>	<u>48%</u>

43 FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial instruments

The Company measures financial instruments such as investment in mutual funds, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The management assessed that the fair values of all financial assets and financial liabilities, carried at amortized cost, approximate their carrying amounts largely due to the short-term maturities of these instruments. The following table shows the carrying amounts and fair values of financial instruments carried at fair value, including their levels in the fair value hierarchy:

	Note	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees) -----					
Financial assets at fair value through profit or loss:					
30 June 2022					
Investment in mutual funds	15	<u>44,833,159</u>	-	-	<u>44,833,159</u>
30 June 2021					
Investment in mutual funds	15	<u>41,310,624</u>	-	-	<u>41,310,624</u>

44 CAPACITY AND PRODUCTION

Cell phones

	30 June 2022	30 June 2021
	Number of handsets	Number of handsets
- Maximum capacity	1,200,000	1,200,000
- Actual production	1,031,232	165,740

The assembly plant became operational in April 2021, therefore, the actual production is less than maximum capacity.

	30 June 2022	30 June 2021
	Number	Number
45 NUMBER OF EMPLOYEES		
As at reporting date	671	530
Average during the year	601	504

46 OPERATING SEGMENT INFORMATION

	Distribution and retail		Assembly		Inter segment eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	Amount in Rupees							
-External customer	41,560,523,204	47,372,802,392	-	-	-	-	41,560,523,204	47,372,802,392
-Inter-segment	-	-	4,599,178,652	1,910,612,152	(4,599,178,652)	(1,910,612,152)	-	-
	<u>41,560,523,204</u>	<u>47,372,802,392</u>	<u>4,599,178,652</u>	<u>1,910,612,152</u>	<u>(4,599,178,652)</u>	<u>(1,910,612,152)</u>	<u>41,560,523,204</u>	<u>47,372,802,392</u>
Cost of sales	(37,684,625,908)	(42,546,766,724)	(3,703,227,944)	(1,934,855,621)	4,599,178,652	1,910,612,152	(36,788,675,200)	(42,571,010,193)
Gross profit	<u>3,875,897,296</u>	<u>4,826,035,668</u>	<u>895,950,708</u>	<u>(24,243,469)</u>	-	-	<u>4,771,848,004</u>	<u>4,801,792,199</u>
Administrative expenses	(733,317,675)	(668,836,846)	(141,641,084)	(56,378,661)	-	-	(874,958,759)	(725,215,507)
Selling and distribution cost	(541,234,526)	(579,490,524)	(1,422,928)	(1,497,362)	-	-	(542,657,454)	(580,987,886)
Operating profit	<u>2,601,345,095</u>	<u>3,577,708,298</u>	<u>752,886,696</u>	<u>(82,119,492)</u>	-	-	<u>3,354,231,791</u>	<u>3,495,588,806</u>
Other expenses	(88,462,415)	(57,113,232)	-	-	-	-	(88,462,415)	(57,113,232)
Other income	227,337,666	67,846,840	-	-	-	-	227,337,666	67,846,840
Finance cost	(1,025,133,331)	(1,099,212,848)	-	(3,051,395)	-	-	(1,025,133,331)	(1,102,264,243)
Profit / (loss) before taxation	<u>1,715,087,015</u>	<u>2,489,229,058</u>	<u>752,886,696</u>	<u>(85,170,887)</u>	-	-	<u>2,467,973,711</u>	<u>2,404,058,171</u>
Taxation	(819,383,279)	(899,053,690)	-	-	-	-	(819,383,279)	(899,053,690)
Profit / (loss) for the year	<u>895,703,736</u>	<u>1,590,175,368</u>	<u>752,886,696</u>	<u>(85,170,887)</u>	-	-	<u>1,648,590,432</u>	<u>1,505,004,481</u>
Segment assets	<u>279,216,150</u>	<u>14,836,247,990</u>	<u>415,928,609</u>	<u>2,170,622,104</u>	-	(1,258,455,112)	<u>695,144,759</u>	<u>15,748,414,982</u>
Segment liabilities	<u>(5,264,019,728)</u>	<u>(7,025,265,931)</u>	<u>(1,456,205,193)</u>	<u>(2,896,150,643)</u>	-	652,157,040	<u>(6,720,224,921)</u>	<u>(9,269,259,534)</u>
Capital expenditure	<u>32,412,818</u>	<u>94,685,023</u>	-	<u>487,976,540</u>	-	-	<u>32,412,818</u>	<u>582,661,563</u>

46.1 Geographical information

The Company's revenue from external customers by geographical location is detailed below:

	30 June 2022	30 June 2021
Pakistan	48,578,461,043	51,410,366,555
UAE	62,085,188	-
	<u>48,640,546,231</u>	<u>51,410,366,555</u>

All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

46.2 The Company's revenue is earned from a large mix of customers.

46.3 Inter segment sales, purchases and balances have been eliminated.

47 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

As explained in note 1.2, the Company raised funds through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:

	<u>Amount</u> <u>Rupees</u>
Issuance of 90,000,000 ordinary shares at Rs. 71.5 per share	6,435,000,000
Less: Expenses related to IPO	<u>(181,130,882)</u>
Net proceeds received from IPO	<u>6,253,869,118</u>
Less: OFS transaction of 30,000,000 ordinary shares to sponsor	(2,145,000,000)
Less: Expenditures incurred on working capital (Purchase of stock)	(4,040,375,729)
Less: Duties paid	(68,493,389)
Balance amount	<u><u>-</u></u>


48 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 04 October 2022 have proposed a final cash dividend for the year ended 30 June 2022 of Rs. 1.00 per share (2021: Rs. 1.25 per share), amounting to 395,269,231 (2021: Rs. 459,615,385) for approval of the members at the Annual General Meeting to be held on 28 October 2022. These financial statements do not reflect this dividend.


49 GENERAL

49.1 These financial statements were authorized by Board of Directors on _____.


49.2 On 19 May 2022, the Government of Pakistan, through its notification no. 598(I)/2022, imposed ban on the import of all luxury and non-essential goods (including cell phones and related accessories) to avert a balance of payments crisis and stabilise the economy. As a consequence to this ban, the company was unable to import mobile devices leading to a slight decline in stock as at year end. However, on 18 August 2022, the Government of Pakistan uplifted the ban imposed on imports of all products, including luxury and non-essential goods. Accordingly, the company has resumed import of mobile devices subsequent to the year end. The impact of the above event is considered immaterial to these financial statements.



 Chief Executive



 Chief Financial Officer



 Director

INDEPENDENT AUDITORS' REPORT

To the members of Airlink Communication Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Airlink Communication Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

9/7/22

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1.Preparation of consolidated financial statements	
<p>On 13 October 2021, the Group incorporated a wholly-owned subsidiary under the name Select Technologies (Private) Limited for assembly of mobile phones and allied products.</p> <p>As a result of the above, the Group is preparing consolidated financial statements for the first time since its incorporation.</p> <p>The Group's consolidated financial statements comprise of transactions and balances of the holding company and its subsidiary. Consolidating these financial statements involves elimination of intercompany transactions and balances, and consolidation of the amounts and disclosures of each entity's financial statements.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>Obtained an understanding of the Group's process of consolidation of the financial statements of the newly incorporated subsidiary into the holding company, to ensure compliance with the requirements of the applicable financial reporting standards.</p> <p>Reviewed the procedures performed by the Group for consolidation process of the financial statements of subsidiary into the holding company, including but not limited to:</p> <ul style="list-style-type: none"> a) Review of inter-company transactions. b) Elimination of unrealized profit / loss, if any. c) Ensuring that the accounting policies of the subsidiary are consistent with the accounting policies of the holding Company. <p>Assessed the nature of property, plant and equipment capitalized by the subsidiary to test the validity of amounts capitalized and evaluate whether assets capitalized meet the recognition criteria set out in IAS 16, as the amount of capital expenditure made by the subsidiary is significant for the financial statements of the Group.</p>

Key audit matters	How our audit addressed the key audit matter
<p>2.Revenue Recognition</p> <p>During the year ended 30 June 2022, the Group recognized net revenue of Rs. 49.17 billion as compared to Rs. 47.37 billion in previous year, as disclosed in Note 29 and according to the accounting policy described in Note 4.10 to the financial statements.</p> <p>The Group generates revenue from sales of a wide range of products and services which include cellular mobile phones, tablets, accessories, allied products and related repair services to customers.</p> <p>The Group also offers discounts from time to time on several product categories for the various types of customers.</p> <p>Due to the above factors requiring significant auditor's attention on occurrence and considering the significance of revenue as a key performance indicator for users of financial statements, we have considered revenue recognition as a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>Obtained an understanding of the Group's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof;</p> <p>Evaluated the appropriateness of the Group's revenue recognition policies and procedures to assess compliance with International Financial Reporting Standards ("IFRS") as applicable in Pakistan;</p> <p>Performed substantive analytical procedures using dis-aggregated data in order to gain assurance over the revenue recognized and focused our testing on outliers and unusual trends in light of overall external economic environment;</p> <p>Performed trend analysis and correlation between revenue and trade discount and assessed the reasonableness in the context of local environment along with relating the same to movement in receivables and cash;</p> <p>Performed procedures to identify and review any manual adjustments at year end impacting revenue to identify significant or unusual items and reviewed underlying documentation;</p> <p>Tested supporting evidence in relation to a sample of sales transactions including but not limited to sales orders, sales invoices, goods dispatch notes, gate passes, proof of delivery (acknowledgement by customers) and performing other tests of details;</p>

577



EY

Building a better
working world

Key audit matters	How our audit addressed the key audit matter
	<p>Ensured that revenue items are correctly classified with reference to guidance in International Financial Reporting Standard 15 (“IFRS 15”);</p> <p>Performed procedures around the cut off of revenue; and</p> <p>Considered the appropriateness and adequacy of the disclosure provided in Note 29 to the financial statements in relation to the relevant accounting standards.</p>

Information Other than the Financial Statements and Auditors’ Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

417

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

ERT

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Abdullah Fahad Masood.



EY Ford Rhodes
Chartered Accountants
Lahore: 06 October 2022
UDIN: AR202210177hS5HiePd7

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30 June 2022 Rupees	30 June 2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	6,126,596,812	1,253,900,236
Intangibles	6	15,654,520	18,016,354
Long term deposits		5,736,000	-
Deferred tax asset	7	23,762,797	-
		6,171,750,129	1,271,916,590
CURRENT ASSETS			
Stores and spares		18,394,867	7,560,647
Stock in trade	8	5,333,571,199	3,533,673,866
Trade debts	9	3,752,501,028	5,391,262,155
Loans and advances	10	99,508,357	171,674,967
Trade deposits and short term prepayments	11	100,698,737	32,468,109
Other receivables	12	3,905,064,773	3,753,344,917
Tax refunds due from the Government	13	167,742,313	244,859,633
Short term investments	14	1,009,527,023	509,500,786
Cash and bank balances	15	1,101,488,794	832,153,312
		15,488,497,091	14,476,498,392
		21,660,247,220	15,748,414,982
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Authorized share capital 600,000,000 (30 June 2021: 400,000,000 of Rs.10 each) ordinary shares of Rs.10 each		6,000,000,000	4,000,000,000
Issued, subscribed and paid up capital	16	3,952,692,310	3,000,000,000
Share premium - capital reserve	17	3,556,176,808	-
Accumulated profit - revenue reserve		4,081,140,221	2,991,850,517
General reserves - revenue reserve		44,559,977	44,559,977
Long term loan - equity portion		21,372,477	42,744,954
Share deposit money	18	-	400,000,000
		11,655,941,793	6,479,155,448
NON CURRENT LIABILITIES			
Long term loans - debt portion	19	1,636,612,295	145,487,575
Lease liabilities	20	242,066,981	621,155,313
Defined benefit liability	21	24,930,028	34,722,393
Deferred tax liability	22	233,401,360	15,239,805
		2,137,010,664	816,605,086
CURRENT LIABILITIES			
Current portion of long term loans	19	466,789,550	438,747,989
Current maturity of lease liabilities	20	104,179,241	89,901,750
Short term borrowings	23	5,571,643,558	6,085,626,053
Accrued markup	24	206,814,630	110,730,936
Refund liabilities	25	309,084	30,221,644
Contract liabilities	26	153,168,178	82,882,488
Provision for taxation		766,923,311	214,548,547
Trade payables, accrued and other liabilities	27	502,168,984	1,399,995,041
Unclaimed dividend		95,298,227	-
		7,867,294,763	8,452,654,448
		21,660,247,220	15,748,414,982
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	28		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive



Chief Financial Officer


Director

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>30 June 2022</u> Rupees	<u>30 June 2021</u> Rupees
Revenue from contracts with customers - net	29	49,165,800,930	47,372,802,392
Cost of sales	30	(43,968,167,439)	(42,571,010,193)
Gross profit		<u>5,197,633,491</u>	<u>4,801,792,199</u>
Administrative expenses	31	(1,005,498,279)	(725,215,507)
Selling and distribution cost	32	(542,657,454)	(580,987,886)
		<u>(1,548,155,733)</u>	<u>(1,306,203,393)</u>
Operating profit		<u>3,649,477,758</u>	<u>3,495,588,806</u>
Other expenses	33	(88,462,415)	(57,113,232)
Other income	34	220,412,127	67,846,840
Finance cost	35	(1,175,101,178)	(1,102,264,243)
Profit before taxation		<u>2,606,326,292</u>	<u>2,404,058,171</u>
Taxation	36	(1,076,304,578)	(899,053,690)
Net profit for the year		<u><u>1,530,021,714</u></u>	<u><u>1,505,004,481</u></u>
Earnings per share			Restated
- Basic	37	<u>3.99</u>	<u>4.59</u>
- Diluted	37	<u>3.99</u>	<u>4.47</u>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>30 June 2022</u> Rupees	<u>30 June 2021</u> Rupees
Net profit for the year	A	1,530,021,714	1,505,004,481
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plan	21.4	(3,715,078)	(1,231,140)
Related tax effect		1,225,976	357,031
Re-measurement losses on defined benefit plan - net of tax		(2,489,102)	(874,109)
Items that may be reclassified to profit or loss in subsequent periods			
		-	-
Other comprehensive loss for the year	B	(2,489,102)	(874,109)
Total comprehensive income for the year	A+B	<u>1,527,532,612</u>	<u>1,504,130,372</u>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
CONSOLIDATED ANNUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Capital reserve		Revenue reserve			Long term loan - equity portion	Loan from Director	Share deposit money	Total
	Issued, subscribed and paid up capital	Share Premium	General reserves	Accumulated profit	(Rupees)				
Balance as at 1 July 2020	3,000,000,000	-	44,559,977	1,487,720,145	42,744,954	21,557,155	-	4,596,582,231	
Profit for the year	-	-	-	1,505,004,481	-	-	-	1,505,004,481	
Other comprehensive income for the year	-	-	-	(874,109)	-	-	-	(874,109)	
Total comprehensive income for the year	-	-	-	1,504,130,372	-	-	-	1,504,130,372	
Loan repaid	-	-	-	-	-	(21,557,155)	-	(21,557,155)	
Conversion of long term loan (note 19.1)	-	-	-	-	-	-	400,000,000	400,000,000	
Balance as at 30 June 2021	3,000,000,000	-	44,559,977	2,991,850,517	42,744,954	-	400,000,000	6,479,155,448	
Transactions with owners in their capacity as owners:									
Conversion of long term loan amounting Rs. 400 million at the rate of Rs. 52 per share (note 19.1.1)	76,923,080	323,076,920	-	21,372,477	(21,372,477)	-	(400,000,000)	-	
Issuance of shares against initial public offering (note 1.2)	600,000,000	3,690,000,000	-	-	-	-	-	4,290,000,000	
Transaction cost on issuance of ordinary shares (note 1.2)	-	(181,130,882)	-	-	-	-	-	(181,130,882)	
Final dividend for the year ended 30 June 2021 at the rate of Rs. 1.25 per share	-	-	-	(459,615,385)	-	-	-	(459,615,385)	
Issue of bonus shares for the year ended 30 June 2021 at rate of 7.5%	275,769,230	(275,769,230)	-	-	-	-	-	-	
Profit for the year	-	-	-	1,530,021,714	-	-	-	1,530,021,714	
Other comprehensive loss for the year	-	-	-	(2,489,102)	-	-	-	(2,489,102)	
Total comprehensive income for the year	-	-	-	1,527,532,612	-	-	-	1,527,532,612	
Balance as at 30 June 2022	3,952,692,310	3,556,176,808	44,559,977	4,081,140,221	21,372,477	-	-	11,655,941,793	

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	30 June 2022 Rupees	30 June 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,606,326,292	2,404,058,171
Adjustments for :			
Depreciation of property, plant and equipment	5.4	337,139,021	232,928,893
Amortization of intangible assets	6	11,720,230	7,459,242
Provision for net realizable value	8.1	(11,525,259)	(18,875,891)
(Reversal of) allowance for expected credit loss - trade debts	31	(58,941,054)	8,588,796
(Reversal of) allowance for expected credit loss - other receivables	31	(50,659,247)	50,659,247
Provision for gratuity	21.2	14,083,998	13,048,974
(Gain) / loss on lease termination	33 & 34	(43,406,778)	6,265,435
Foreign currency exchange loss	33 & 34	-	1,996,317
Gain on modification of loan	34	(4,656,579)	-
Provision written back	34	-	(14,819,017)
Finance cost	35	843,712,917	771,002,246
Unrealized gain on financial assets	34	(3,522,535)	(2,651,572)
Profit on investments	34	(49,187,252)	(50,376,251)
		<u>984,757,462</u>	<u>1,005,226,419</u>
Operating profit before working capital changes		3,591,083,754	3,409,284,590
(Increase) / decrease in current assets			
Stock in trade		(1,788,372,074)	1,095,253,920
Stores and spares		(10,834,220)	(7,560,647)
Trade debts		1,697,702,181	(744,539,216)
Loans and advances		72,166,610	(5,032,964)
Trade deposits and short term prepayments		(63,564,052)	(16,014,063)
Other receivables		(101,060,609)	5,348,330,486
Tax refunds due from the Government		81,471,693	2,623,238
		<u>(112,490,471)</u>	<u>5,673,060,754</u>
Increase / (decrease) in current liabilities			
Trade payables, accrued and other liabilities		(927,738,617)	(5,046,435,763)
Contract liabilities		70,285,690	(34,190,626)
Cashflows after working capital changes - net		2,621,140,356	4,001,718,955
Financial cost paid		(663,965,369)	(739,238,538)
Gratuity paid	21.4	(27,591,441)	(8,746,300)
Income tax paid		(332,659,450)	(785,158,695)
NET CASH GENERATED FROM OPERATING ACTIVITIES	[A]	1,596,924,096	2,468,575,422
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment - owned assets		(5,484,860,543)	(578,163,563)
Additions in intangibles	6	(9,358,396)	(16,667,109)
Long term deposits paid		(5,736,000)	-
Interest income received		31,883,550	72,773,914
Short term investments made		(479,200,000)	-
Short term investments disposed		-	197,000,000
NET CASH USED IN INVESTING ACTIVITIES	[B]	(5,947,271,389)	(325,056,758)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability repaid		(130,052,971)	(162,174,670)
Proceeds against issue of shares		4,108,869,118	-
Dividend paid		(364,317,158)	-
Director's loan repaid		-	(21,557,155)
Long term loans obtained		1,870,000,000	547,279,250
Long term loans repaid		(350,833,719)	(390,890,949)
Short term borrowings (repaid) - net		(513,982,495)	(2,098,310,589)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	[C]	4,619,682,775	(2,125,654,113)
NET INCREASE IN CASH AND CASH EQUIVALENTS	[A+B+C]	269,335,482	17,864,551
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		832,153,312	814,288,761
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40	1,101,488,794	832,153,312

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

**AIR LINK COMMUNICATION LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1 THE GROUP AND ITS OPERATIONS

1.1 Air Link Communication Limited ("ACL") is part of Air Link Group ("The Group") which consist of:

Parent (Holding) Company

Air Link Communication Limited ("ACL")

Subsidiary Company

Select Technologies (Private) Limited ("STPL") - 100% shareholding by ACL

1.2 Air Link Communication Limited - Parent (Holding) Company

Air Link Communication Limited ('the Holding Company') was incorporated in Pakistan on 02 January 2014 as a private limited company, later on converted to a public limited company on 24 April 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 (previously at LG 2, Al - Qadeer Heights, 1 Babar Block, New Garden Town, 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. Initial assembling capacity has been planned for 400,000 mobile sets per month which is expandable according to market demand.

In prior financial year, the Company initiated the process to raise funds through Initial Public Offering (IPO) to meet working capital requirements in order to expand the existing business of the Company. During the year, the Securities and Exchange Commission of Pakistan (SECP) granted approval dated 19 July 2021 to the Company to issue, circulate and publish prospectus for the Initial Public Offering (IPO) of 90 million ordinary shares. On 31 August 2021, book-building and institutional / large investors' bidding process was completed for new issue of 60 million shares at strike price of Rs. 71.5 per share, whereas public subscription of remaining 30 million shares was completed on 07 September 2021. Consequently, 25% of the total share capital of the Company stands offered to the public and institutional investors whilst the process of listing of shares on Pakistan Stock Exchange was completed on 22 September 2021.

The locations of Company's head office, assembling facility, retail outlets and flagship store are as below:

BUSINESS UNIT	ADDRESS
Head Office	152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Assembling Facility	152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Samsung Retail Store	Shop No. LG-19, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Flagship Store	Shop No. 1, Xinhua Mall, 24-B/2, Mian Mehmood Ali Kasoori Road, Block B2 Gulberg III, Lahore, Pakistan
Samsung Retail Store	Shop No. 27, Ground floor, Emporium Mall, Johar Town, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-7, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Retail Store	Shop No. 1080 Opposite Carrefour, Packages Mall, Walton Road, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-51, Dolmen Mall Clifton, Karachi, Pakistan
Samsung Retail Store	Shop No. 1 Near Bank Alfalah, Saddar Cantt. Hyderabad, Pakistan
Air Link Retail Store	Shop No. 2, Al Kareem Plaza, Circular Road, Bahawalpur, Pakistan
Samsung Retail Store	Shop No. 5, Ground Floor, Shareef Complex, Tehsil Chowk, Multan, Pakistan.
Samsung Retail Store	City Centre, DC Office Chowk, Bahawalpur

BUSINESS UNIT	ADDRESS
Samsung Retail Store	Shop-1079, 1st Floor, Packages Mall, Walton Road, Lahore
Air Link Retail Store	Shop G-56, Ground Floor, Emporium Mall, Johar Town, Lahore
MI Retail Store	Shop No. LG-20, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan

In addition to the above, the Company also has stores and warehouses, the list of which is not presented in these financial statements to maintain concision.

1.3 Select Technologies (Private) Limited - Subsidiary Company

Select Technologies (Private) Limited ('the subsidiary company') was incorporated in Pakistan on 13 October 2021 as a private limited company under the Companies Act, 2017 having registered office at 152-M, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan. The principal line of business of the subsidiary shall be to set up, establish and operate plants for the assembly and production of mobile phones of all sorts and description, accessories, components, attachments and bodies used for or in connection with the aforementioned mobile phones.

2 STATEMENT OF COMPLIANCE

2.1 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 standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Standards, interpretation and amendments applicable to the financial statements for the year ended 30 June 2022

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with prior year financial statements for the year ended 30 June 2021, except as described below:

New standards and amendment

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 39, IFRS 9, IFRS 7, IFRS 4 & IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments)
--	---

2.3 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on after)
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022

Standard or Interpretation	Effective date (annual periods beginning on after)
Insurance Contracts – IFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 & IAS 28	Not yet finalized

The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on after) *
IFRS 1	1 July 2009
IFRS 17	1 January 2023

*This represents effective date as per the standards. However, the standards will become effective from the date as notified by the SECP.

The Group expects that such improvements to the standards and new standards will not have any material impact on the Group's consolidated financial statements.

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 4.11

3.2 PRESENTATION CURRENCY

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

3.3 The company is making consolidated financial statements for the first time in current year due to establishment of a subsidiary at 13 October 2021. Therefore, the figures of the prior year consolidated financial statements are not entirely comparable.

3.4 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:

3.4.1 Judgements

3.4.1.1 Lease term

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.

3.4.2 Estimates and assumptions

3.4.2.1 Revenue from contracts with customers

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

- Variable consideration

Contracts with customers include incentives and lower portion discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods and historical recovery patterns.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience and current economic conditions.

3.4.2.2 Impairment of financial assets

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.

Other areas where estimates and judgments are involved have been disclosed in respective notes to the financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in note 2.2.

4.1 Property, plant and equipment

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 5. Depreciation is provided on assets for the proportionate period of its use in the year of addition and disposal in statement of profit or loss. Normal repairs and maintenance are charged to statement of profit or loss, while major renewals and improvements are capitalized.

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 statement of profit or loss when the asset is derecognized.

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.

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 statement of profit or loss when the asset is derecognized.

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 and equipment, with a corresponding effect on the depreciation charge and impairment.

4.2 Intangibles

Intangibles 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 6. 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 statement of financial position comprise cash in hand and cash at bank as specified in note 40 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.

4.4 Stock in trade

Stock in trade, stores, spares and loose tools are valued at lower of cost or 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:

Raw and packing material	-	weighted average cost
Material in transit	-	actual cost
Work in process	-	actual cost
Finished goods	-	weighted average cost
Stores, spare parts and loose tools	-	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.

4.5 Trade and other receivables

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on ECL model of IFRS 9 and debts considered irrecoverable are written off as and when identified.

4.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

4.6.1 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.

4.6.2 Lease liabilities - rented premises

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

4.7 Trade and other payables

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

4.8 Provisions

Provisions are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the extent of obligation.

4.9 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

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.

The Group has not opted for group taxation, therefore, deferred tax asset related to Air Link Communication (Holding Company) and deferred tax liability related to Select Technologies (Private) Limited (subsidiary) has been shown separately as disclosed note 7 and note 22 respectively.

4.10 Revenue from contracts with customers

The Group 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.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

4.10.1 Service Income

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

4.10.2 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide them with a right to incentives, lower portion discounts, rebates and promotions at the discretion of brand owners. Only the incentives and lower portion discounts give rise to variable consideration.

(i) Incentives and lower portion discounts

The Group provides retrospective sale incentives to certain customers once the quantity of products sold by those customers to end consumers during the period exceeds an agreed threshold. These incentives reduce the amounts payable by the customer. To estimate the variable consideration for the expected future incentives, the Group applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods. The Group then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future incentives.

(ii) Rebates and promotions

The Group provides rebates and promotions 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. These do not constitute variable consideration as these rebates and promotions are decided by brand owners on specific categories based on market demand which is a factor outside the Group's influence and there is no established pattern of possible consideration amounts at time of sale. Therefore, these rebates and promotions are not adjusted in revenue from contract with customers.

4.10.3 Significant financing component

The Group receives few short-term advances from its customers and hence does not adjust the promised amount of consideration for the effects of a significant financing component as the effect of the same is not considered material.

4.10.4 Non cash consideration

The Group's receivables against the transfer of goods to customers are usually settled in cash.

4.10.5 Consideration payable to customers

The Group records the consideration payable to customers when brand owners provide instructions to provide rebates and promotions to the customers. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

4.10.6 Contract balances**(i) Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Accounting policy for initial recognition and subsequent measurement is disclosed in note 4.5 to these financial statements. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

(ii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

(iii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

4.10.7 Costs to obtain a contract

The Group pays legal documentation costs for each contract that they obtain for sale of goods. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense these costs because the amortization period of the asset that the Group otherwise would have used is one year or less.

4.10.8 Costs to fulfil a contract

The Group incurs carriage costs on delivery of goods to warehouses as well as to customers. The Group has elected to apply the optional practical expedient for costs to fulfil a contract which allows the Group to immediately expense these costs as the amortization period of the asset that the Group otherwise would have used is less than a year.

In case of carriage costs from shipping port to main warehouse, these costs are classified as domestic carriage which is part of cost of sales. In case of deliveries to regional warehouses and customers, these costs are included under freight outward which is part of selling and distribution cost.

4.11 Employees' Retirement Benefits - Defined Benefit Plan

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 except eligible retired employees' medical scheme 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 statement of profit or loss.

The Group faces the following risks on account of calculation of provision for employees benefits:

a) Salary increase / inflation risk:

The Gratuity Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

b) Discount rate risk:

The risk of changes in discount rate may have an impact on the plan's liability.

c) Mortality risk:

Actual mortality experience maybe different than that assumed in the calculation.

d) Withdrawal risk:

Actual withdrawals experience may different from that assumed in the calculation.

4.12 Foreign exchange

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using exchange rates applicable at the reporting date. All gains and losses on settlement and translation at period end are recognized in the statement of profit or loss.

4.13 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.

4.13.1 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.

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 deposits, trade debts, loans and advances, other receivables and bank balances.

Financial assets - subsequent measurement

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

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

The Group's financial asset at fair value through profit or loss include investment in mutual funds.

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, 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 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 analysed. The expected credit losses are recognized in the statement of profit or loss. For bank balances, 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.

4.13.2 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, lease liabilities, 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, lease liabilities, 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.

4.14 Offsetting financial instruments

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

4.15 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 & Retail' and 'Assembly' as two distinct reportable segments.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

4.17 Dividend and appropriation to reserves

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

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Right-of-use assets

Note	30 June 2022	30 June 2021
	Rupees	Rupees
	5,852,827,262	567,454,504
	273,769,550	686,445,732
5.1	6,126,596,812	1,253,900,236

5.1

30 June 2022

	COST				ACCUMULATED DEPRECIATION				Net book value as on 30 June 2022	Rate
	Balance as on 01 July 2021	Additions	Transfer from right-of-use assets	Termination	Balance as on 01 July 2021	Charge for the period	Transfer from right-of-use assets	Termination		
Owned Assets										%
Land	-	1,959,139,873	-	-	-	-	-	-	1,959,139,873	
Building and renovations	108,158,357	665,707,252	-	-	4,441,935	8,560,733	-	-	760,862,941	2.5
Plant and machinery	224,328,857	2,628,360,592	-	-	9,234,689	62,477,907	-	-	2,780,976,853	6.67 - 10
Furniture and fixtures	24,130,183	6,718,772	-	-	13,224,527	8,522,031	-	-	9,102,397	33
Computers	41,674,504	48,148,817	-	-	15,852,006	10,053,046	-	-	63,918,269	33
Office equipment	253,351,561	140,294,237	-	-	62,036,469	95,592,132	-	-	236,017,197	33
Motor vehicles	54,162,315	36,491,000	-	-	33,561,647	14,281,936	-	-	42,809,732	25
	705,805,777	5,484,860,543	-	-	138,351,273	199,487,785	-	-	5,852,827,262	
Right-of-use assets										
Motor vehicles	70,045,475	17,727,490	-	-	39,787,461	22,598,491	-	-	62,385,952	25
Lease hold land	344,940,738	-	-	(344,940,738)	31,077,886	25,863,362	-	(56,941,268)	-	10
Rented premises-buildings	481,537,889	-	-	(10,223,776)	139,213,023	89,189,363	-	(5,470,810)	222,931,576	10 - 20
	896,524,102	17,727,490	-	(355,164,514)	210,078,370	137,651,236	-	(62,412,078)	285,517,928	
Total	1,602,329,879	5,502,588,033	-	(355,164,514)	6,749,753,398	337,139,021	-	(62,412,078)	6,126,596,812	

30 June 2021

	COST				ACCUMULATED DEPRECIATION				Net book value as on 30 June 2021	Rate
	Balance as on 01 July 2020	Additions	Transfer from right-of-use assets	Termination	Balance as on 01 July 2020	Charge for the period	Transfer from right-of-use assets	Termination		
Owned Assets										%
Building on lease hold land	-	108,158,357	-	-	4,441,935	4,441,935	-	-	103,716,422	10
Plant & machinery	-	224,328,857	-	-	9,234,689	6,609,687	-	-	215,094,168	33
Furniture and fixtures	15,502,464	8,627,719	-	-	24,130,183	6,164,840	-	-	10,905,656	33
Computers	14,004,875	27,669,629	-	-	41,674,504	8,688,736	-	-	25,822,498	33
Office equipment	45,916,395	207,435,166	-	-	253,351,561	45,352,345	-	-	191,315,092	33
Motor vehicles	47,720,480	6,441,835	-	-	54,162,315	12,045,261	-	-	20,600,668	25
	123,144,214	582,661,563	-	-	705,805,777	86,372,653	-	-	567,454,504	
Right-of-use assets										
Motor vehicles	56,288,625	19,315,600	-	(5,558,750)	70,045,475	19,232,166	-	(1,888,452)	39,787,461	25
Lease hold land	424,139,029	344,940,738	-	-	344,940,738	31,077,886	-	(9,210,521)	313,862,852	10
Rented premises-buildings	480,427,654	510,674,516	-	(94,578,068)	896,524,102	96,246,188	-	(11,098,973)	342,324,866	10 - 33
	603,571,868	1,093,336,079	-	(94,578,068)	1,602,329,879	232,928,893	-	(11,098,973)	348,429,643	
Total	1,231,444,214	6,126,596,812	-	(94,578,068)	6,749,753,398	337,139,021	-	(62,412,078)	6,126,596,812	

5.2 There are fully depreciated assets, having cost of Rs. 5,264,217 (30 June 2021: Rs.3,726,130) that are still in use as at the reporting date.

5.3 Group's immovable fixed assets including land are located at 152-M Quid-e-Azam Industrial Area, Kot Lakhpat, Lahore having area of 77,637 square feet.

5.4 The depreciation charge for the year has been allocated as follows:

Note	30 June 2022	30 June 2021
	Rupees	Rupees
	30	30
	94,884,472	21,626,328
	31	31
	114,140,992	93,581,998
	32	32
	128,113,557	117,202,567
	337,139,021	232,928,893

		Note	30 June 2022 Rupees	30 June 2021 Rupees
6	INTANGIBLES - Software			
	Cost:			
	As at 1 July		30,178,280	13,511,171
	Additions during the year		9,358,396	16,667,109
	As at 30 June		<u>39,536,676</u>	<u>30,178,280</u>
	Accumulated amortization:			
	As at 1 July		12,161,926	4,702,684
	Charge for the year	6.1	11,720,230	7,459,242
	As at 30 June		<u>23,882,156</u>	<u>12,161,926</u>
	Net book value		<u>15,654,520</u>	<u>18,016,354</u>
	Rate of amortization		<u>33%</u>	<u>33%</u>
6.1	The amortization charge for the year has been allocated as follows:			
	Cost of sales	30	2,237,797	469,880
	Administrative expenses	31	4,214,413	6,989,362
	Selling and distribution cost	30	5,268,020	-
			<u>11,720,230</u>	<u>7,459,242</u>
7	DEFERRED TAX ASSET / (LIABILITY)			
	This comprises of:			
	Deferred tax liabilities on taxable temporary differences			
	Accelerated tax depreciation		(12,546,716)	(65,216,875)
	Deferred tax assets on deductible temporary differences			
	Lease liabilities - net		23,917,301	7,137,286
	Defined benefit liability		8,226,909	10,069,493
	Provision for expected credit loss		750,540	20,004,123
	Provision for net realizable value adjustment		-	4,001,891
	Refund liabilities		3,312,765	8,764,277
			<u>23,762,797</u>	<u>(15,239,805)</u>
	Reconciliation of deferred tax, net			
	As at 1 July		(15,239,805)	81,263,214
	Recognized in statement of profit or loss	36	37,776,626	(96,860,050)
	Recognized in other comprehensive income		1,225,976	357,031
	As at 30 June		<u>23,762,797</u>	<u>(15,239,805)</u>
7.1	Deferred tax asset has been recognized based on assessment that in future sufficient taxable profits will be available to the Group and the Group will fall under Normal Tax Regime in future years and shall have sufficient taxable profits against which this deferred tax asset shall be utilized.			
8	STOCK IN TRADE	Note	30 June 2022 Rupees	30 June 2021 Rupees
	Raw material		1,029,483,708	393,763,974
	Work in process		128,106,849	19,576,154
	Mobile phones		1,459,389,775	1,254,026,953
	Spare parts		146,012,883	79,678,663
			<u>2,762,993,215</u>	<u>1,747,045,744</u>
	Provision for net realizable value	8.1	(2,274,365)	(13,799,624)
			<u>2,760,718,850</u>	<u>1,733,246,120</u>
	Goods in transit		2,572,852,349	1,800,427,746
			<u>5,333,571,199</u>	<u>3,533,673,866</u>
8.1	Movement in provision for net realizable value is as follows:			
	Opening balance		13,799,624	32,675,515
	Reversal during the year		(11,525,259)	(18,875,891)
			<u>2,274,365</u>	<u>13,799,624</u>
9	TRADE DEBTS			
	Considered good - unsecured			
	Local		3,762,539,710	4,034,354,128
	Exports		-	1,425,887,763
			<u>3,762,539,710</u>	<u>5,460,241,891</u>
	Allowance for expected credit loss	9.1	(10,038,682)	(68,979,736)
			<u>3,752,501,028</u>	<u>5,391,262,155</u>
9.1	Movement in allowance for expected credit loss is as follows:			
	Opening balance		68,979,736	60,390,940
	Reversal during the year	34	(68,979,736)	(60,390,940)
	Charge during the year	31	10,038,682	68,979,736
			<u>(58,941,054)</u>	<u>8,588,796</u>
			<u>10,038,682</u>	<u>68,979,736</u>

9.2 Age analysis of these trade debts is disclosed in Note 41.2.1.

10 LOANS AND ADVANCES	Note	30 June 2022 Rupees	30 June 2021 Rupees
Advances considered good - unsecured			
Advance to suppliers	10.1	71,629,085	152,235,346
Employees against salary	10.2	26,672,613	18,883,649
Employees against company expenses		104,300	154,300
Employees against loaned / mobile sets		1,102,359	401,672
		<u>99,508,357</u>	<u>171,674,967</u>

10.1 This represents amount given as advance to suppliers against purchase of stock in trade.

10.2 These are interest free loan provided to employees repayable in one year. Since the maturity of loan is less than one year, the present value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' is not recognized being immaterial.

11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	30 June 2022 Rupees	30 June 2021 Rupees
Security deposits	11.1	78,405,728	29,308,107
Prepayments		22,293,009	3,160,002
		<u>100,698,737</u>	<u>32,468,109</u>

11.1 This represents amount deposited with brand owners against purchase of parts and deposit with logistics company.

12 OTHER RECEIVABLES	Note	30 June 2022 Rupees	30 June 2021 Rupees
Margin against letters of credit and contracts		2,862,776,370	2,283,571,862
Due from brand owners	12.1	1,036,979,618	1,384,192,837
Bank guarantee		3,500,000	3,000,000
Claims from courier against lost items		1,808,785	1,808,785
Earnest money		-	32,000,000
Insurance claims	12.2	-	99,430,680
		<u>3,905,064,773</u>	<u>3,804,004,164</u>
Less: Allowance for expected credit loss	12.3	-	(50,659,247)
		<u>3,905,064,773</u>	<u>3,753,344,917</u>

12.1 This represents due from brand owners on account of various incentives and promotions offered by them.

12.2 This represented amount receivable from Premier Insurance Limited (PIL) against which the Group had filed an application in Insurance Tribunal for recovery of the same on the grounds that PIL deviated from its legal and contractual obligations and despite payment of premium by the Group, PIL had arbitrarily withheld the amounts claimed. During the year, the said amount has been adjusted against the general reserve.

12.3 Movement in allowance for expected credit loss is as follows:	Note	30 June 2022 Rupees	30 June 2021 Rupees
Opening balance		50,659,247	-
Charged / (reversed) during the year	31	(50,659,247)	50,659,247
		<u>-</u>	<u>50,659,247</u>

13 TAX REFUNDS DUE FROM THE GOVERNMENT

Advance income tax	13.1	165,163,227	160,808,854
Sales tax		2,579,086	84,050,779
		<u>167,742,313</u>	<u>244,859,633</u>

13.1 This represents the amount of advance income tax recoverable from tax authorities net of current year's provision for taxation amounting to Rs. 750,450,688 (2021: Rs. 787,944,002).

14 SHORT TERM INVESTMENTS

Financial assets at amortized cost	Note	30 June 2022 Rupees	30 June 2021 Rupees
Term deposits	14.1	845,600,000	366,400,000
Term finance certificate	14.2	100,000,000	100,000,000
Accrued markup		19,093,864	1,790,162
		<u>964,693,864</u>	<u>468,190,162</u>
Financial assets at fair value through profit or loss			
Investment in mutual funds	14.3	44,833,159	41,310,624
		<u>1,009,527,023</u>	<u>509,500,786</u>

14.1 These term deposits (TDR's) have face value of Rs. 845.6 million (30 June 2021: Rs. 366.4 million) and carry mark up of 5% to 10% (30 June 2021: 5% to 8%), having maturity period 30 days to 180 days (30 June 2021: 30 days to 90 days). These TDR's are under lien against funded facilities obtained from financial institutions.

14.2 This term finance certificate has face value of Rs. 100 million (30 June 2021: Rs. 100 million) and carry mark up at the rate of 6 months KIBOR + 2.25 % (30 June 2021: 6 Months KIBOR + 2.25%), having maturity period of 180 days (30 June 2021: 180 days). This term finance certificate is under lien against funded facilities obtained from financial institutions.

14.3 The amount relates to 454,629.56 units (30 June 2021: 422,772.1690 units) of JS Islamic Hybrid Fund of Funds II (JS Islamic Capital Preservation Allocation Plan III) managed by JS Investments Limited.

14.4 Movement in financial assets is as follows:

	At amortized cost		At fair value	Total
	Term Deposit	Term Finance Certificate	through profit and loss Investment in mutual funds	
30 June 2022				
Opening balance	368,190,162	100,000,000	41,310,624	509,500,786
Additions	479,200,000	-	-	479,200,000
Deletions	-	-	-	-
Mark up accrued	37,378,154	11,809,098	-	49,187,252
Fair value gain on investment	-	-	3,522,535	3,522,535
Mark up received	(20,074,452)	(11,809,098)	-	(31,883,550)
	<u>864,693,864</u>	<u>100,000,000</u>	<u>44,833,159</u>	<u>1,009,527,023</u>
30 June 2021				
Opening balance	588,676,313	101,887,000	34,567,128	725,130,441
Additions	-	-	29,000,000	29,000,000
Deletions	(200,000,000)	-	(26,000,000)	(226,000,000)
Mark up accrued	40,879,412	9,521,351	-	50,400,763
Fair value gain on investment	-	-	3,743,496	3,743,496
Mark up received	(61,365,563)	(11,408,351)	-	(72,773,914)
	<u>368,190,162</u>	<u>100,000,000</u>	<u>41,310,624</u>	<u>509,500,786</u>

14.5 Movement in gain on remeasurement of financial assets at fair value through profit or loss is as follows:

	Note	30 June 2022	30 June 2021
		Rupees	Rupees
Balance as at 1 July		2,627,060	(1,116,436)
Fair value gain during the year		3,522,535	3,743,496
Closing Balance		<u>6,149,595</u>	<u>2,627,060</u>

15 CASH AND BANK BALANCES

	Note	30 June 2022	30 June 2021
Cash in hand		31,820,223	14,936,115
Cash at bank - current accounts		1,069,667,723	650,731,335
- savings account	15.1	848	166,485,862
		<u>1,101,488,794</u>	<u>832,153,312</u>

15.1 This carries markup at the rate of 4.25% per annum (2021: 4% per annum).

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2022	30 June 2021		30 June 2022	30 June 2021
No. of shares			Share Capital	
192,692,308	125,000,000	Ordinary shares of Rs. 10 each (30 June 2021: Rs. 10 each) fully paid in cash	1,926,923,080	1,250,000,000
202,576,923	175,000,000	Ordinary shares of Rs. 10 each (30 June 2021: Rs. 10 each) fully paid as bonus shares	2,025,769,230	1,750,000,000
<u>395,269,231</u>	<u>300,000,000</u>		<u>3,952,692,310</u>	<u>3,000,000,000</u>

16.1 Movement in share capital as follows:

	No. of Shares		Share Capital	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Opening balance				
- Ordinary shares of Rs. 10 each fully paid in cash	125,000,000	125,000,000	1,250,000,000	1,250,000,000
- Bonus shares of Rs. 10 each fully paid as bonus shares	175,000,000	175,000,000	1,750,000,000	1,750,000,000
Movement during the year				
-Conversion of long term loan amounting Rs. 400 million at the rate of Rs. 52 per share	7,692,308	-	76,923,080	-
-Issuance of shares against initial public offering at the rate of Rs. 71.5 per share	60,000,000	-	600,000,000	-
-Issuance of bonus shares at face value of Rs. 10	27,576,923	-	275,769,230	-
Closing balance				
- Ordinary shares of Rs. 10 each fully paid in cash	192,692,308	125,000,000	1,926,923,080	1,250,000,000
- Bonus shares of Rs. 10 each fully paid as bonus shares	202,576,923	175,000,000	2,025,769,230	1,750,000,000
	<u>395,269,231</u>	<u>300,000,000</u>	<u>3,952,692,310</u>	<u>3,000,000,000</u>

17 SHARE PREMIUM - CAPITAL RESERVE

Movement in share premium reserve as follows:

	Note	30 June 2022	30 June 2021
		Rupees	Rupees
Balance as at 1 July		-	-
Conversion of long term loan into ordinary shares.	19.1.1	323,076,920	-
Issuance of shares against initial public offering.	1.2	3,690,000,000	-
Transaction cost on issuance of ordinary shares.		(181,130,882)	-
Issue of bonus shares for the year ended 30 June 2021 at the rate of 7.5%.		(275,769,230)	-
		<u>3,556,176,808</u>	<u>-</u>

17.1 This reserve can be utilized by the Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

17.2 This represents consulting and book runner fee paid to JS Global Capital Limited.

18	Note	30 June 2022 Rupees	30 June 2021 Rupees
SHARE DEPOSIT MONEY			
Balance as at 1 July		400,000,000	-
Transfer from long term loan		-	400,000,000
Conversion into ordinary shares.	19.1.1	<u>(400,000,000)</u>	<u>-</u>
		<u>-</u>	<u>400,000,000</u>
19 LONG TERM LOANS			
JS Bank Limited and PCF Communication Investments (Private) Limited	19.1	133,333,333	393,435,951
JS Bank Limited	19.2	22,832,239	68,251,302
Orix Leasing Pakistan Limited	19.3	77,236,273	122,548,311
Saudi Pak Industrial and Agricultural Investment Company Limited	19.4	800,000,000	-
Pak Oman Investment Company	19.5	270,000,000	-
Bank Al-Habib	19.6	800,000,000	-
Add: Accrued markup		64,695,066	28,318,519
		<u>2,168,096,911</u>	<u>612,554,083</u>
Less: Current portion shown under current liabilities		<u>(466,789,550)</u>	<u>(438,747,989)</u>
Less: Accrued markup presented in current liabilities	24	<u>(64,695,066)</u>	<u>(28,318,519)</u>
		<u>1,636,612,295</u>	<u>145,487,575</u>

19.1 This represents loan obtained from JS Bank Limited and PCF Communication Investments (Private) Limited to meet working capital requirements of the Group. The Group has agreed to issue redeemable capital in the form of secured and convertible term finance certificates subject to the requirements of the Private Placement Securities Rules, 2017. The rate of mark up on loan is 3 months KIBOR + 1%.

This loan is convertible into ordinary shares on meeting covenants agreed in the subscription agreement. However, the loan, if not converted into ordinary shares, shall be redeemable after 31 December 2021 in the event Group does not meet criteria set out in the subscription agreement with loan providers. Based on these facts, the Group had determined that liability to redeem shares existed at the prior year reporting date, therefore, this loan had been presented as a compound financial instrument and the current portion had been recognized under current liabilities. However, in current year, the present value of future cash flows have been discounted at market interest rate of 3 months KIBOR plus 250 bps and difference is accounted for as an equity reserve in financial statements. This loan is secured against joint pari passu charge over current assets of the Group.

	30 June 2022 Rupees	30 June 2021 Rupees
Opening balance	393,435,951	767,733,610
Unwinding during the year	12,540,725	25,702,341
Transferred to share deposit money	-	(400,000,000)
Modification of long term loan	(4,661,270)	-
Repayment	<u>(267,982,073)</u>	<u>-</u>
	133,333,333	393,435,951
To be unwound in future years	<u>1,521,948</u>	<u>6,564,049</u>
	<u>134,855,281</u>	<u>400,000,000</u>

19.1.1 On 25 May 2021, the Group obtained approval from Securities Exchange Commission of Pakistan for conversion of redeemable capital amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited into 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share. Accordingly, the corresponding portion of loan had been transferred to share deposit money in prior year. On 10 September 2021, this share deposit money has been converted into ordinary shares.

19.2 The Group has obtained long term finance facility from JS Bank Limited under State Bank of Pakistan refinance scheme for payment of wages and salaries of workers and employees for the month of April 2020 to June 2020. This represents amount of term finance facility for paying salaries for the month of April 2020 and May 2020. The facility is repayable in eight equal quarterly instalments, payable quarterly in arrears, commencing after a grace period of 6 months and it carries markup at the rate of 3% per annum. However, till the grant of refinance from SBP, markup is charged at 1 month KIBOR plus 2%. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial. This facility is secured against lien over term deposit receipts of Rs. 190 million (30 June 2021: 190 million) and JSIL of Rs. 31.91 million (30 June 2021: 10 million), lien against already issued JSIL funds with 20% margin and personal guarantees of the directors.

19.3 This represents loan obtained from Orix Leasing Pakistan Limited under sale and lease back arrangement of different machinery including but not limited to mobile assembly units, air conditioner including VRF system, elevator, electrical equipment's vehicles. As the transfer of the assets did not meet the criteria of sales under IFRS 15 Revenue from Contracts with Customers therefore the said transaction has been treated under IFRS 9. The loan carries mark-up of 6 months KIBOR+ 5% and is repayable in 36 equal monthly instalments. The loan is secured against the leased assets.

19.4 This represents loan of PKR 800 million obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to meet working capital requirements of the Group. This loan is obtained for the period of 5 years and grace period is 1 year from date of first disbursement. The rate of mark up on loan is 3 months KIBOR + 2.5%. This facility is secured against all present and future current assets of the Company.

19.5 This represents loan of PKR 300 million obtained from Pak Oman Investment Company Limited to meet working capital requirements of the Group. This loan is obtained for the period of 3 years and grace period is 6 month from date of first disbursement. The rate of mark up on loan is 3 months KIBOR + 2%. This facility is secured against all present and future current assets and non current assets of the Company.

19.6 This represents loan obtained from Bank Al-Habib Limited for the purchase of assembling unit (Land and Building) located at Quaid-e-Azam Industrial estate Kot Lakh pat Lahore. The total tenure for this facility is 6 years including 1 years grace period. The rate of mark up on loan is 3 months KIBOR + 2%.

20 LEASE LIABILITIES

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) ranges from 9.39% to 12.69%. The amounts of future payments and the periods in which they will become due are:

Year ending	30 June 2022 Rupees	30 June 2021 Rupees
2022	-	169,133,039
2023	124,560,085	163,865,032
2024	103,824,392	139,281,335
2025	77,220,918	137,782,181
2026	30,644,485	84,182,932
2027	79,820,219	387,036,499
	<u>416,070,099</u>	<u>1,081,281,018</u>
Less: Future finance charges	<u>(69,823,877)</u>	<u>(370,223,955)</u>
Present value of minimum lease payments	<u>346,246,222</u>	<u>711,057,063</u>
Less: Current maturity shown under current liabilities	<u>(104,179,241)</u>	<u>(89,901,750)</u>
	<u>242,066,981</u>	<u>621,155,313</u>

20.1 Lease Payments (LP) and their Present Value (PV) are as follows:

	30 June 2022		30 June 2021	
	LP Rupees	PV of LP Rupees	LP Rupees	PV of LP Rupees
Due not later than 1 year	124,560,085	104,179,241	169,133,039	89,901,750
Due later than 1 year but not later than 5 years	291,510,014	242,066,981	912,147,979	621,155,313
	<u>416,070,099</u>	<u>346,246,222</u>	<u>1,081,281,018</u>	<u>711,057,063</u>

20.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Opening balance		711,057,063	370,486,836
Reassessment of lease		-	32,573,783
Lease liabilities acquired during the year		17,727,490	458,439,687
Mark-up on lease liabilities - rented premises	35	83,663,854	84,447,089
Termination of lease		<u>(336,149,214)</u>	<u>(72,715,662)</u>
		476,299,193	873,231,733
Lease rentals paid		<u>(130,052,971)</u>	<u>(162,174,670)</u>
Closing balance		<u>346,246,222</u>	<u>711,057,063</u>

20.3 The Group had total cash outflows for leases of Rs. 175,177,694 (2021: Rs. 162,174,670). The non-cash additions to right-of-use assets and lease liabilities amounts to Rs. Nil and Rs. Nil respectively. (2021: Right-of-use assets and lease liabilities of Rs. 510,674,516 and Rs. 458,439,687 respectively).

21 DEFINED BENEFIT LIABILITY

UNFUNDED GRATUITY

21.1 The amounts recognized in the statement of financial position are:

Present value of defined benefits obligation	<u>24,930,028</u>	<u>34,722,393</u>
--	-------------------	-------------------

21.2 The amounts recognized in the statement of profit or loss are:

Current service cost	10,603,029	11,397,238
Interest cost on defined benefit obligation	3,480,969	1,651,736
Expense recognized in the statement of profit or loss	<u>14,083,998</u>	<u>13,048,974</u>

21.3 The charge for the year has been allocated as follows:

Cost of sales	30	-	142,250
Administrative expenses	31	14,083,998	12,906,724
		<u>14,083,998</u>	<u>13,048,974</u>

21.4 Movement in the net present value of defined benefit obligation is:

Net liabilities at the beginning of the year	34,722,393	29,188,579
Current service cost	10,603,029	11,397,238
Interest cost on defined benefit obligation	3,480,969	1,651,736
Remeasurements charged to other comprehensive income		
-Actuarial assumption	<u>3,715,078</u>	<u>1,231,140</u>
	52,521,469	43,468,693
Less: Payments during the year	<u>(27,591,441)</u>	<u>(8,746,300)</u>
Net liabilities at the end of the year	<u>24,930,028</u>	<u>34,722,393</u>

Qualified actuaries have carried out the valuation as at 30 June 2022. The projected unit credit method, based on the following significant assumptions, is used for valuation:

	30 June 2022	30 June 2021
Discount rate for interest cost	13.25%	10.00%
Discount rate for obligation	13.25%	10.00%
Expected rates of salary increase in future years	5.00%	5.00%
Retirement assumption	Age 60	Age 60
Mortality rate	SLIC 2001-2005 with one year setback	SLIC 2001-2005 with one year setback

The risks to which plan is exposed include salary, demographic, investment and discount risks. If the significant actuarial assumptions (relating to major risks) used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

Sensitivity level	Assumption	Impact on defined benefit obligation (Rupees)
+100 bps	Discount rate	(21,620,547)
-100 bps	Discount rate	23,572,668
+100 bps	Expected increase in salary	23,643,167
-100 bps	Expected increase in salary	(21,538,431)
+1 year	Mortality rate	3,303,229
-1 year	Mortality rate	(2,916,758)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

The average duration of the defined benefit plan obligation at the end of the reporting year is 5 years.

	Note	30 June 2022 Rupees	30 June 2021 Rupees
22 DEFERRED TAX LIABILITY			
This comprises of:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		240,222,142	-
Deferred tax assets on deductible temporary differences			
Alternate corporate tax		6,820,782	-
		<u>233,401,360</u>	<u>-</u>
Reconciliation of deferred tax - net			
Opening balance		-	-
Recognized in statement of profit or loss	36	233,401,360	-
		<u>233,401,360</u>	<u>-</u>
23 SHORT TERM BORROWINGS			
JS Bank Limited	23.1	2,285,237,231	2,958,308,505
Bank AL Habib Limited	23.2	1,230,448,867	1,937,956,517
Dubai Islamic Bank	23.3	131,481,501	263,972,993
Bank Alfalah Limited	23.4	-	439,388,038
Askari Bank Limited	23.5	237,000,001	486,000,000
Bank of Khyber	23.6	863,475,958	-
Running Finance		824,000,000	-
Accrued markup		142,119,564	82,412,417
		<u>5,713,763,122</u>	<u>6,168,038,470</u>
Less: Accrued markup presented in current liabilities	24	<u>(142,119,564)</u>	<u>(82,412,417)</u>
		<u>5,571,643,558</u>	<u>6,085,626,053</u>

23.1 Working capital facilities obtained from JS Bank comprise of letter of credit (sight) amounting to Rs. 2,300 million (30 June 2021: Rs. 800 million), shipping guarantees of Rs. 1,200 million [30 June 2021: Rs. 800 Million (sublimit of finance against trust receipt)], short term finance of Rs. 1,500 million (30 June 2021: Rs. 600 million), running finance of Rs. 200 million (30 June 2021: Rs. 600 million), Finance against trust receipt of PKR 1,200 million (30 June 2021: Nil) and bank guarantee of Rs. 20 million [30 June 2021: Rs. 20 million (sublimit of running finance)]. Short term finance of Rs. Nil (30 June 2021: Rs. 1,000 million) and finance against imported merchandise of Rs. Nil (30 June 2021: Rs. 200 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 187.55 million (30 June 2021: Rs. 151.228 million), first pari passu hypothecation charge of Rs. 3,700 billion (30 June 2021: Rs. 2,400 billion) over all present and future current assets, lien of term deposits and personal guarantees of all directors. The rate of mark up on funded facilities is 3 months KIBOR + 2% (30 June 2021: 3 months KIBOR + 2%).

23.2 Working capital facilities obtained from Bank AL Habib comprise of LC sight amounting Rs. 2,500 million (30 June 2021: Rs. 2,500 million), running finance facility of Rs. 560 million (30 June 2021: Rs. 3,060 million), finance against trust receipt (FATR is sublimit of RF) of Rs. 640 million (30 June 2021: Rs. 640 million) and short term finance facility of Rs. 150 million (30 June 2021: Rs. 150 million), one time short term finance of Rs. Nil (30 June 2021: Rs. 200 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 347 million (30 June 2021: Rs. 347 million) and pari passu / joint pari passu charge over current assets of Rs. 5,500 million (30 June 2021: Rs. 5,500 million), cash margin, lien over term deposits, term certificates, current accounts and import documents, personal guarantees of Directors and mortgagors of Rs. 7,800 million (30 June 2021: Rs. 7,800 million) and cross corporate guarantees. The rate of mark up on funded facilities is 3 months KIBOR + 1%(RF) & 3 months KIBOR + 2% (FATR) (30 June 2021: 3 months KIBOR + 1%(RF) & 3 months KIBOR + 2% (FATR)).

- 23.3 Working capital facilities obtained from Dubai Islamic Bank comprise of LC sight amounting Rs. 700 million (30 June 2021: Rs. 700 million), shipping guarantee (sublimit of LC) of Rs. 700 million (30 June 2021: Rs. 700 million), letter of credit usance / acceptance of Rs. Nil (30 June 2021: Rs. 600 million) and import Murabaha / Istisna cum Wakala of Rs. 525 million (30 June 2021: Rs. 1,400 million) of which import Murabaha is of Rs. 525 million (30 June 2021: Rs. 600 million). These facilities are secured against 1st pari passu / joint pari passu charge of Rs. 700 million (30 June 2021: Rs. 1,860 million) over current assets of the Group, cash margin and lien over term deposits is 60% of import Murabaha. The rate of mark up on funded facilities is 3 months KIBOR + 2.5% (30 June 2021: 3 months KIBOR + 2.5%).
- 23.4 Working capital facilities obtained from Bank Alfalah comprise of short term finance facility of Rs. 250 million (30 June 2021: Rs. 225 million), finance against trust receipt Rs. Nil (30 June 2021: Rs. 425 million) and sight LC of Rs. 350 million (30 June 2021: Rs. 500 million). These facilities are secured against 1st joint pari passu charge over present & future current assets of Group of Rs. 700 million (30 June 2021: Rs. 700 million) and personal guarantee of all directors of the Group. The rate of mark up on funded facilities is 1 month KIBOR + 2% (30 June 2021: 1 month KIBOR + 2%).
- 23.5 Working capital facilities obtained from Askari Bank Limited comprise of letter of credit (sight) amounting to Rs. 500 million (30 June 2021: Rs. 500 million), shipping guarantees of Rs. 500 million [30 June 2021: Rs. 500 million (sublimit of letter of credit (sight))] and short term finance of Rs. 500 million (30 June 2021: Rs. 500 million) (sublimit of letter of credit (sight)). These facilities are secured against personal guarantees of directors along with their net worth statements. These facilities are secured against ranking charge of Rs. Nil (30 June 2021: Rs. Nil) and joint pari passu charge of Rs. 334 million (30 June 2021: Rs. 334 million) over all present and future current assets of the Group, TDR covering 50% of outstanding exposure at all times. The rate of mark up on funded facilities is 3 months KIBOR + 1.9% (30 June 2021: 3 months KIBOR + 1.9%).
- 23.6 Working capital facilities obtained from Bank of Khyber comprise of letter of credit (sight) amounting to Rs. 600 million (30 June 2021: Rs. Nil), shipping guarantees of Rs. 350 million (30 June 2021: Rs. Nil) (sublimit of finance against trust receipt), finance against trust receipt of Rs. 600 million [30 June 2021: Nil (sublimit of letter of credit)], one time running finance pf Rs. 300 million (30 June 2021: Nil). These facilities are secured against personal guarantees of directors along with their net worth statements. These facilities are secured against ranking charge of Rs. 400 million (30 June 2021: Rs. Nil) over all present and future current assets of the Group, TDR / Lien covering 50% of outstanding exposure of Finance against trust receipt at all times. The rate of mark up on funded facilities is 3 months KIBOR + 2% (30 June 2021: Nil).
- 23.7 Working capital facilities obtained from Bank AL Habib comprise of short term running finance amounting Rs. 1,275 billion. The rate of markup on funded facilities is 3 months KIBOR+2%. These facilities are secured against ranking charge of Rs. 1,500 million over fixed assets and Rs. 1500 million over current assets of the Group.

	Note	30 June 2022 Rupees	30 June 2021 Rupees
24 ACCRUED MARKUP			
Long term loans	19	64,695,066	28,318,519
Short term borrowings	23	142,119,564	82,412,417
		<u>206,814,630</u>	<u>110,730,936</u>
25 REFUND LIABILITIES			
Arising from retrospective incentives and lower portion discounts		<u>309,084</u>	<u>30,221,644</u>
26 CONTRACT LIABILITIES			
Advances from customers in respect of revenue recognized at a point in time	26.1	<u>153,168,178</u>	<u>82,882,488</u>
26.1 This represents the liability recognized in respect of consideration received from customers before the satisfaction of performance obligation. Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the year amounts to Rs. 82,882,488 (2021: 117,073,114).			
26.2 The balance of contract liability as at 30 June 2022, is expected to be recognized as revenue within one year.			
27 TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES			
Trade payables		47,009,807	1,050,104,185
Incentives and promotions payable		-	143,969,719
Accrued expenses		16,454,036	57,306,627
Withholding tax payable		229,504,765	89,839,256
Workers' Welfare Fund	27.1	106,353,886	55,535,806
Workers' Profit Participation Fund	27.2	37,644,335	-
Other payables	27.3	65,202,155	3,239,448
		<u>502,168,984</u>	<u>1,399,995,041</u>
27.1 Movement in Workers' Welfare Funds:			
As at 1 July		55,535,806	6,684,326
Charge for the year	33	50,818,080	48,851,480
As at 30 June		<u>106,353,886</u>	<u>55,535,806</u>
27.2 Movement in Workers' Profit Participation Funds:			
As at 1 July		-	-
Charge for the year	33	37,644,335	-
As at 30 June		<u>37,644,335</u>	<u>-</u>
27.3 This includes rebate payable amounting to Rs.237,657 (30 June 2021: Rs. 2.43 million) which is adjustable against due from brand owners (note 12).			
28 CONTINGENCIES AND COMMITMENTS			
28.1 Contingencies			
A number of legal cases have been filed against the Group by individuals at various forums relating to several disputes / difference of opinion primarily in relation to consumer court matters. Due to their nature, it is not possible to quantify their financial impact at present. However, the management and the Group's legal advisors are of the view that the outcome of these cases is expected to be favourable and a liability, if, any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made for any liability that may arise as a result of these cases in these consolidated financial statements.			

	Note	30 June 2022 Rupees	30 June 2021 Rupees
28.2 Commitments			
Letters of credit		2,862,776,370	2,283,571,862
Bank guarantees		3,500,000	3,000,000
		<u>2,866,276,370</u>	<u>2,286,571,862</u>
29 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Sales - local		51,513,727,279	51,367,832,877
Sales - export		62,085,188	-
Service income		72,128,238	42,533,678
Gross sales		<u>51,647,940,705</u>	<u>51,410,366,555</u>
Less: Sales tax		(67,272,421)	(42,253,231)
		<u>51,580,668,284</u>	<u>51,368,113,324</u>
Less: Discounts		(2,414,867,354)	(3,995,310,932)
		<u>49,165,800,930</u>	<u>47,372,802,392</u>
Geographical region:			
Pakistan		51,585,855,517	51,410,366,555
UAE		62,085,188	-
		<u>51,647,940,705</u>	<u>51,410,366,555</u>
Timing of transfer of goods and services:			
At a point in time		<u>51,647,940,705</u>	<u>51,410,366,555</u>
30 COST OF SALES			
Raw material consumed		14,933,616,768	1,816,793,771
Packing material consumed		4,497,622	85,182,162
Cost of export sales		57,640,368	-
Sales tax - mobiles and tablets		432,448,716	2,389,640,546
Service fee		129,347,260	-
Regulatory duty		1,598,121,340	3,132,573,750
Insurance		3,199,689	13,031,516
Clearing charges		15,743,927	52,267,363
Salaries, wages and benefits		465,110,416	75,459,409
Custom duty - tablets		2,501,112	22,280,620
Depreciation	5.4	94,884,472	21,626,328
Amortization	6	2,237,797	469,880
Staff retirement benefits - gratuity scheme	21.3	-	142,250
Domestic carriage		800,400	5,466,975
		<u>17,740,149,887</u>	<u>7,614,934,570</u>
Increase in working-in-process		(128,106,849)	(19,576,154)
Cost of goods assembled		<u>17,612,043,038</u>	<u>7,595,358,416</u>
Increase in finished goods		(5,418,133)	(75,172,379)
Cost of goods sold - own assembled		<u>17,606,624,905</u>	<u>7,520,186,037</u>
Cost of goods sold - imported for resale		21,692,030,542	35,050,824,156
Cost of goods sold - purchased locally for resale		4,669,511,992	-
		<u>43,968,167,439</u>	<u>42,571,010,193</u>
31 ADMINISTRATIVE EXPENSES			
Salaries and benefits		389,996,065	338,170,508
Rent, rates and taxes		16,852,532	2,317,699
Depreciation	5.4	114,140,992	93,581,998
Insurance		19,773,814	26,905,093
Legal and professional		13,250,582	26,779,254
Repair and maintenance		34,194,452	35,769,006
Fees and subscription		186,131,547	17,919,538
Utilities		37,994,410	14,914,503
Office expenses		23,699,191	17,415,193
Security service charges		18,650,326	12,249,497
Traveling and conveyance		36,935,164	9,265,941
Entertainment		25,563,380	8,971,748
Vehicle running expenses		15,808,160	7,718,050
Postage and telephone		5,979,538	7,445,464
Amortization	6	4,214,413	6,989,362
Printing and stationary		11,374,935	5,119,275
Staff retirement benefits - gratuity scheme	21.3	14,083,998	12,906,724
Auditors' remuneration	31.1	5,650,000	7,502,350
Allowance for expected credit loss - trade debts	9.1	10,038,682	8,588,796
Allowance for expected credit loss - other receivables	12.3	-	50,659,247
Charity and donation	31.2	18,332,024	11,256,863
Miscellaneous expenses		2,834,074	2,769,398
		<u>1,005,498,279</u>	<u>725,215,507</u>

		30 June 2022	30 June 2021
		Rupees	Rupees
31.1	Breakup of auditors' remuneration is as follows:		
	Annual audit fee	4,800,000	1,950,000
	Out of pocket expenses	150,000	70,000
	Certificates and other assurance engagements	700,000	1,150,000
	Capital market review	-	4,332,350
		<u>5,650,000</u>	<u>7,502,350</u>
31.2	No donation has been made to a single done which comprise at least 10% of the total donations during the year.		
32	SELLING AND DISTRIBUTION COST	Note	30 June 2022
			Rupees
	Salaries, wages and benefits		226,562,417
	Freight outward		69,043,384
	Advertisement and promotions		43,539,850
	Depreciation	5.4	128,113,557
	Travelling and conveyance		29,756,159
	Packing expenses		6,764,463
	Amortization	6	5,268,020
	Utilities		31,839,886
	Insurance		1,769,718
			<u>542,657,454</u>
33	OTHER EXPENSES		30 June 2021
			Rupees
	Loss on termination of lease		-
	Workers' Welfare Fund	27.1	6,265,435
	Workers' Profit Participation Fund	27.2	48,851,480
	Foreign currency exchange loss		-
			1,996,317
			<u>88,462,415</u>
34	OTHER INCOME		57,113,232
	Financial assets		
	Reversal of expected credit loss - trade debts	9.1	68,979,736
	Reversal of expected credit loss - other receivable	12.3	50,659,247
	Profit on investments	14.4	49,187,252
	Gain on termination of lease		50,400,763
	Modification gain on long term loan	19.1	43,406,778
	Unrealized gain on financial assets at fair value through profit or loss	14.5	4,656,579
			3,743,496
	Non-financial assets		
	Provision written back		-
			13,702,581
			<u>220,412,127</u>
35	FINANCE COST		67,846,840
	Mark up on borrowings		760,049,063
	Bank charges		686,555,157
	Lease financial charges	20.2	331,388,261
			84,447,089
			<u>1,175,101,178</u>
36	TAXATION		1,102,264,243
	Current tax		889,646,323
	Deferred tax - relating to origination of temporary differences	7 & 22	787,944,002
	Prior year		195,624,734
			(8,966,479)
		36.1	14,249,638
			<u>1,076,304,578</u>
36.1	Reconciliation between tax expenses and accounting profit		899,053,690
	Accounting profit before taxation		2,606,326,292
	Tax at applicable tax rate of 29% (2021: 29%)		2,404,058,171
	Effect of expenses not allowed for tax		755,834,625
	Effect of deductible expenses		(42,303,806)
	Effect of alternate corporate tax		50,451,414
	Effect of deferred tax		(16,602,310)
	Effect of fixed regime / FTR		195,624,734
	Effect of minimum tax		96,860,050
	Effect of prior years tax		(1,114,219)
	Effect of super tax		(8,966,479)
	Tax expense for the year		43,691,548
			99,689,071
			<u>1,076,304,578</u>
			<u>899,053,690</u>

37	EARNINGS PER SHARE - BASIC AND DILUTED	Note	30 June 2022	30 June 2021
			Rupees	Rupees
	Profit attributable to ordinary equity holders for basic earnings	A	1,530,021,714	1,505,004,481
	Add: Unwinding of discount on convertible loan - net of tax	19.1	8,903,915	18,248,662
	Profit attributable to ordinary equity holders adjusted for the effect of dilution	B	<u>1,538,925,629</u>	<u>1,523,253,143</u>
			30 June 2022	30 June 2021
			Numbers	Numbers
	Weighted average number of ordinary shares for basic EPS	C	383,560,063	Restated 327,576,923
	Effect of potential dilution from convertible loan		1,886,088	13,286,714
	Weighted average number of ordinary shares adjusted for the effect of dilution	D	<u>385,446,151</u>	<u>340,863,637</u>
			30 June 2022	30 June 2021
			Rupees	Rupees
	Earning per share - basic	A/C	<u>3.99</u>	Restated <u>4.59</u>
	Earning per share - diluted	B/D	<u>3.99</u>	<u>4.47</u>

37.1 As explained in note 1.2, the parent company had issued 60,000,000 new ordinary shares of Rs. 10 each through Initial Public Offering on 31 August 2021.

37.2 On 10 September 2021, long term loan amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited had been converted in to 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share.

38 RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

The related parties include remuneration of key management personnel which is disclosed in note 39.

39 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to Chief Executives and Executives of the Group are as follows:

	Number of persons	Managerial remuneration Rupees	Gratuity Rupees	Bonus Rupees	Total Rupees
30 June 2022					
Chief executive	1	48,000,000	3,327,698	-	51,327,698
Executive director	1	9,278,737	787,248	1,556,134	11,622,119
Executives	62	176,068,109	14,731,193	27,022,906	217,822,208
		<u>233,346,846</u>	<u>18,846,139</u>	<u>28,579,040</u>	<u>280,772,025</u>
30 June 2021					
Chief executive	1	59,936,768	1,807,585	-	61,744,353
Executive director	1	7,410,602	672,945	-	8,083,547
Executives	41	136,934,387	7,160,807	-	144,095,194
		<u>204,281,757</u>	<u>9,641,337</u>	<u>-</u>	<u>213,923,094</u>

The Chief Executive is provided with company-maintained car. No remuneration is paid to directors other than CEO and executive director.

40 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the statement of financial position:

	Note	30 June 2022 Rupees	30 June 2021 Rupees
Cash in hand	15	31,820,223	14,936,115
Cash at bank	15	1,069,668,571	817,217,197
		<u>1,101,488,794</u>	<u>832,153,312</u>

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise short-term borrowings and trade and other payables. The major portion of these financial liabilities include short term borrowing that is availed to meet the working capital requirements. The Group's principal financial assets include trade debts, other receivables, short term investment and cash and bank.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the risk profile and is supported by the finance department that advises on financial risks and the appropriate financial risk governance framework for the Group. This department also provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings, trade and other payables, trade debts, short-term investments.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debts and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analysis has been based on the assumption that the sensitivity of the relevant profit or loss item is the effect of the assumed changes in respect of market risks. This is based on the financial assets and financial liabilities held at 30 June 2022 and 30 June 2021.

41.1.1 Interest rate risk

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on above mentioned financial instruments. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings

	30 June 2022	30 June 2021
Increase / decrease in basis points	+ / - 100	+ / - 100
Effect on profit before tax	59,103,515	62,016,715

41.1.2 Currency risk

Currency risk is the risk that the value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies. Group is not exposed to the risk of changes in foreign exchange rates as the brand owners have agreed to compensate for any fluctuations in foreign currency movements.

41.1.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

41.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Group does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Group applies approved credit limits to its customers. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for trade debts.

The management monitors and limits the Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for expected credit loss, if any, and through the prudent use of collateral policy. Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits and quality are established for all customers based on individual customer evaluation.

The Group is exposed to credit risk on trade debts, other receivables, short term investments (except investment in mutual funds) and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	30 June 2022	30 June 2021
	Rupees	Rupees
Trade debts - unsecured	3,762,539,710	5,460,241,891
Other receivables	3,905,064,773	3,804,004,164
Short term investments	964,693,864	468,190,162
Bank balances	1,069,668,571	817,217,197
	<u>9,701,966,918</u>	<u>10,549,653,414</u>

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

41.2.1 Trade Debts			Exposure at	Expected	Expected credit
			default	credit loss	loss rate
			Rupees	Rupees	
	30 June 2022				
	Not due	[A]	1,713,607,722	1,675,450	0.10%
	Past due:				
	1-30 days		890,943,725	1,553,064	0.17%
	31-60 days		655,049,184	1,001,636	0.15%
	61-90 days		213,386,761	921,744	0.43%
	91-120 days		157,186,043	1,185,096	0.75%
	Above 120 days		132,366,275	3,701,692	2.80%
		[B]	<u>2,048,931,988</u>	<u>8,363,232</u>	
		[A+B]	<u>3,762,539,710</u>	<u>10,038,682</u>	

		Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
30 June 2021				
Not due	[A]	1,883,449,624	235,507	0.01%
Past due:				
1-30 days		496,316,903	352,355	0.07%
31-60 days		548,042,329	384,557	0.07%
61-90 days		635,622,990	927,423	0.15%
91-120 days		428,894,682	2,624,777	0.61%
Above 120 days		1,467,915,363	64,455,117	4.39%
	[B]	3,576,792,267	68,744,229	
	[A+B]	5,460,241,891	68,979,736	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The information about the credit risk exposure on the Group's trade debts using a provision matrix is given above.

		Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
41.2.2 Other receivables				
30 June 2022		3,905,064,773	-	0.00%
30 June 2021		3,804,004,164	50,659,247	1.33%

41.2.3 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Agency	Ratings		30 June 2022	30 June 2021
		Short Term	Long term	Rupees	Rupees
Allied Bank Limited	PACRA	A-1+	AAA	-	3,540
Askari Bank Limited	PACRA	A-1+	AA+	53,435,625	74,444,203
Bank Alfalah Limited	PACRA	A-1+	AA+	4,034,574	255,455,854
Bank AL Habib Limited	PACRA	A-1+	AAA	136,034,933	29,546,477
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA	82,829,686	167,295,765
Faysal Bank Limited	PACRA	A-1+	AA	3,495,505	1,038,943
Habib Bank Limited	JCR-VIS	A-1+	AAA	10,198,926	6,066,033
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,157,673	256,337,443
JS Bank Limited	PACRA	A-1+	AA-	1,571,315	51,175
Meezan Bank Limited	JCR-VIS	A-1+	AAA	37,225,019	3,674,583
MCB Bank Limited	PACRA	A-1+	AAA	18,908	19,518
Silk Bank Limited	JCR-VIS	A-2	A-	686,268	1,391,612
Soneri Bank Limited	PACRA	A-1+	AA-	2,650,468	2,130,042
Standard Chartered Bank	PACRA	A-1+	AAA	3,798,413	1,173,466
Summit Bank Limited	JCR-VIS	A-3	BBB-	13,915,131	5,923,316
Bank Islami Pakistan Limited	PACRA	A-1	A+	100	-
Bank of Khyber	PACRA	A-1	A	593,397,795	3,600
Bank of Punjab	PACRA	A-1+	AA+	931,398	3,158,281
Industrial & Commercial Bank of China Limited	S&P	-	A	1,018,886	-
United Bank Limited	JCR-VIS	A-1+	AAA	10,076,389	9,503,346
				958,477,012	817,217,197

41.2.4 With respect to credit risk arising from other financial assets of the Group, the Group's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

41.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand Rupees	Within one year Rupees	More than one year but less than five years Rupees	After five years Rupees	Total Rupees
30 June 2022					
Long term loans	-	463,991,274	747,206,085	100,000,000	1,311,197,359
Lease liabilities	-	124,560,085	291,510,014	-	416,070,099
Short term borrowings	191,017,692	5,380,625,866	-	-	5,571,643,558
Trade and other payables	-	502,168,984	-	-	502,168,984
Accrued markup	-	206,814,630	-	-	206,814,630
	<u>191,017,692</u>	<u>6,678,160,839</u>	<u>1,038,716,099</u>	<u>100,000,000</u>	<u>8,007,894,630</u>
30 June 2021					
Long term loans	-	513,372,774	109,332,297	-	622,705,071
Lease liabilities	-	169,133,039	912,147,979	-	1,081,281,018
Short term borrowings	925,365,172	5,160,260,881	-	-	6,085,626,053
Trade and other payables	-	1,399,995,041	-	-	1,399,995,041
Accrued markup	-	110,730,936	-	-	110,730,936
	<u>925,365,172</u>	<u>7,353,492,671</u>	<u>1,021,480,276</u>	<u>-</u>	<u>9,300,338,119</u>

Changes in liabilities arising from financing activities

	As at 1 July Rupees	Cash flows Rupees	New leases Rupees	Others Rupees	As at 30 June Rupees
30 June 2022					
Long term loans	584,235,564	1,519,166,281	-	-	2,103,401,845
Lease liabilities	711,057,063	(130,052,971)	17,727,490	(252,485,360)	346,246,222
Short term borrowings	6,085,626,053	(513,982,495)	-	-	5,571,643,558
Accrued markup	110,730,936	(663,965,369)	-	760,049,063	206,814,630
	<u>7,491,649,616</u>	<u>211,165,446</u>	<u>8,329,956,327</u>	<u>507,563,703</u>	<u>8,228,106,255</u>
30 June 2021					
Long term loans	827,847,263	156,388,301	-	(400,000,000)	584,235,564
Lease liabilities	370,486,836	(162,174,670)	458,439,687	44,305,210	711,057,063
Short term borrowings	8,183,936,642	(2,098,310,589)	-	-	6,085,626,053
Accrued markup	163,414,317	(739,238,538)	-	686,555,157	110,730,936
	<u>9,545,685,058</u>	<u>(2,843,335,496)</u>	<u>458,439,687</u>	<u>330,860,367</u>	<u>7,491,649,616</u>

42 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

	30 June 2022 Rupees	30 June 2021 Rupees
The debt to equity ratio is as follows:		
Long term loan	2,168,096,911	612,554,083
Short term borrowings	5,713,763,122	6,168,038,470
Cash and cash equivalent	(1,101,488,794)	(832,153,312)
Net debt	6,780,371,239	5,948,439,241
Total equity	11,655,105,881	6,479,155,448
Total capital	<u>18,435,477,120</u>	<u>12,427,594,689</u>
Capital gearing ratio	<u>37%</u>	<u>48%</u>

43 FINANCIAL INSTRUMENTS - FAIR VALUES

Fair value measurement of financial instruments

The Group measures financial instruments such as investment in mutual funds, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The management assessed that the fair values of all financial assets and financial liabilities, carried at amortized cost, approximate their carrying amounts largely due to the short-term maturities of these instruments. The following table shows the carrying amounts and fair values of financial instruments carried at fair value, including their levels in the fair value hierarchy:

	Note	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees) -----					
Financial assets at fair value through profit or loss:					
30 June 2022					
Investment in mutual funds	14	44,833,159	-	-	44,833,159
30 June 2021					
Investment in mutual funds	14	41,310,624	-	-	41,310,624

44 CAPACITY AND PRODUCTION

Cell phones

	30 June 2022 Number of headsets	30 June 2021 Number of headsets
- Maximum capacity	3,200,000	1,200,000
- Actual production	1,167,072	165,740

The assembly plant of Select Technologies (Private) Limited became operational in May 2022, therefore, the actual production is less than maximum capacity.

45 NUMBER OF EMPLOYEES

	30 June 2022 Number	30 June 2021 Number
As at reporting date	1,201	530
Average during the year	1,105	504

46 OPERATING SEGMENT INFORMATION

	Distribution and retail		Assembly		Inter segment eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue								
-External customer	41,560,523,204	47,372,802,392	-	-	(4,599,178,652)	(1,910,612,152)	41,560,523,204	47,372,802,392
-Inter-segment	-	-	7,665,608,826	1,910,612,152	-	-	3,066,430,174	-
	41,560,523,204	47,372,802,392	7,665,608,826	1,910,612,152	(4,599,178,652)	(1,910,612,152)	44,626,963,378	47,372,802,392
Cost of sales	(37,684,625,908)	(42,546,766,724)	(6,343,872,631)	(1,934,855,621)	4,599,178,652	1,910,612,152	(39,429,319,887)	(42,574,010,193)
Gross profit	3,875,897,296	4,826,035,668	1,321,736,195	(24,243,469)	-	-	5,197,633,491	4,801,792,199
Administrative expenses	(733,317,675)	(668,836,846)	(272,180,604)	(56,378,661)	-	-	(1,005,498,279)	(725,215,507)
Selling and distribution cost	(541,234,526)	(579,490,524)	(1,422,928)	(1,497,362)	-	-	(542,657,454)	(580,987,886)
Operating profit	2,601,345,095	3,577,708,298	1,048,132,663	(82,119,492)	-	-	3,649,477,758	3,495,588,806
Other expenses	(88,462,415)	(57,113,232)	-	-	-	-	(88,462,415)	(57,113,232)
Other income	220,412,127	67,846,840	-	-	-	-	220,412,127	67,846,840
Finance cost	(1,025,133,331)	(1,099,212,848)	(149,967,847)	(3,051,395)	-	-	(1,175,101,178)	(1,102,264,243)
Profit / (loss) before taxation	1,708,161,476	2,489,229,058	898,164,816	(85,170,867)	-	-	2,606,326,292	2,404,058,171
Taxation	(819,383,279)	(899,053,690)	(256,921,299)	-	-	-	(1,076,304,578)	(899,053,690)
Profit / (loss) for the year	888,778,197	1,590,175,368	641,243,517	(85,170,867)	-	-	1,530,021,714	1,505,004,481
Segment assets	279,216,150	14,836,247,990	415,928,609	2,170,622,104	-	(1,258,455,112)	695,144,759	15,748,414,982
Segment liabilities	(5,264,019,728)	(7,025,265,931)	(1,456,205,193)	(2,896,150,643)	-	652,157,040	(6,720,224,921)	(9,269,259,534)
Capital expenditure	32,412,818	94,685,023	-	487,976,540	-	-	5,484,860,543	582,661,563

46.1 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	30 June 2022	30 June 2021
Pakistan	51,585,855,517	51,410,366,555
UAE	62,085,188	-
	51,647,940,705	51,410,366,555

All non-current assets of the Group as at reporting dates are located and operating in Pakistan.

46.2 The Group's revenue is earned from a large mix of customers.

46.3 Inter segment sales, purchases and balances have been eliminated.

47 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

As explained in note 1.2, the Holding Company raised funds through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Holding Company. Below is the summary of utilization of proceeds from IPO:

	<u>Amount</u> <u>Rupees</u>
Issuance of 90,000,000 ordinary shares at Rs. 71.5 per share	6,435,000,000
Less: Expenses related to IPO	<u>(181,130,882)</u>
Net proceeds received from IPO	<u>6,253,869,118</u>
Less: OFS transaction of 30,000,000 ordinary shares to sponsor	(2,145,000,000)
Less: Expenditures incurred on working capital (Purchase of stock)	(4,040,375,729)
Less: Duties paid	(68,493,389)
Balance amount	<u><u>-</u></u>


48 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 04 October 2022 have proposed a final cash dividend for the year ended 30 June 2022 of Rs. 1.00 per share (2021: Rs. 1.25 per share), amounting to 395,269,231 (2021: Rs. 459,615,385) for approval of the members at the Annual General Meeting to be held on 28 October 2022. These financial statements do not reflect this dividend.

49 GENERAL

49.1 These financial statements were authorized by Board of Directors on _____.

49.2 On 19 May 2022, the Government of Pakistan, through its notification no. 598(I)/2022, imposed ban on the import of all luxury and non-essential goods (including cell phones and related accessories) to avert a balance of payments crisis and stabilise the economy. As a consequence to this ban, the Group was unable to import mobile devices leading to a slight decline in stock as at year end. However, on 18 August 2022, the Government of Pakistan uplifted the ban imposed on imports of all products, including luxury and non-essential goods. Accordingly, the company has resumed import of mobile devices subsequent to the year end. The impact of the above event is considered immaterial to these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director