



FINANCIAL STATEMENTS OF

PAKISTAN SOFTWARE EXPORT BOARD  
(GUARANTEE) LIMITED

FOR THE YEAR ENDED  
JUNE 30, 2025

**BDO Ebrahim & Co. Chartered Accountants**

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## TO THE MEMBERS OF PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Pakistan Software Export Board (Guarantee) Limited**, which comprise the statement of financial position as at June 30, 2025, and the statement of income and expenditure and other comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in fund 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 June 30, 2025 and of the deficit and other comprehensive loss, the changes in fund 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 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.

#### 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 financial statements and our auditors' 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 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 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 requirement of Companies Act, 2017 (XIX of 2017) and the State-owned Enterprises (Governance and Operations) Act, 2023 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.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 auditors' 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 auditors' 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.

#### **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 income and expenditure, the statement of comprehensive income, the statement of changes in general fund 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 the SOE Act, 2023 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### **Other matters**

The financial statements of the Company for the year ended June 30, 2024 were audited by another firm of chartered accountants, who had expressed an unmodified opinion vide their report dated May 5, 2025.





The engagement partner on the audit resulting in this independent auditors' report is Atif Riaz.

ISLAMABAD

DATED: 22 Oct 2025

UDIN: AR202510060bZG6lfQXJ

A handwritten signature in green ink, appearing to read 'BDO Ebrahim &amp; Co.', is written over the printed name.

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	614,140,708	621,857,990
Assets relating to PSDP and other projects - restricted funds	7	1,051,318,368	423,126,900
Long term security deposits		1,062,176	1,062,176
Long term advances	8	66,437,887	52,525,212
Deferred taxation	9	-	1,645,297
		1,732,959,139	1,100,217,575
<b>CURRENT ASSETS</b>			
Trade debts - considered good	10	12,068,389	9,943,351
Advances and prepayments	11	102,633,000	94,861,792
Other receivables	12	3,744,567	9,793,137
Assets relating to PSDP and other projects - restricted funds	13	454,613,697	607,732,363
Short term investment	14	318,740,339	211,178,082
Taxation-net	20	9,899,748	-
Cash and bank balances	15	375,016,086	324,010,147
		1,276,715,826	1,257,518,872
		3,009,674,965	2,357,736,447
<b>TOTAL ASSETS</b>			
<b>FUND AND LIABILITIES</b>			
General fund		445,981,370	503,559,978
<b>CAPITAL AND RESERVES</b>			
Staff benefits	16	121,731,795	112,659,200
Deferred grants related to projects	17	1,505,932,065	1,030,859,263
Deferred grants	18	539,729,204	574,223,022
		2,167,393,064	1,717,741,485
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	393,095,714	116,811,762
Taxation-net	20	-	19,623,222
Deferred taxation	9	3,204,817	-
		396,300,531	136,434,984
		3,009,674,965	2,357,736,447
<b>TOTAL FUND AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 48 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**



  
**DIRECTOR**



**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
<b>INCOME</b>			
Amortisation of deferred grant related to projects	17	658,583,898	358,426,508
Amortisation of deferred grants	18	1,432,352,706	789,714,479
Federal Government grant (Subsidy for IT&ITeS Exporters)		-	825,000,000
Amortisation of deferred grant - in kind	18	32,944,263	31,093,497
Revenue from bandwidth and related services	22	109,550,508	109,338,384
Registration and renewal fee	23	128,065,192	118,559,402
Other income	24	112,212,769	185,677,262
		2,473,709,336	2,417,809,532
<b>EXPENDITURE</b>			
Project cost - deferred grants related to projects	17	658,583,898	358,426,508
Subsidy for IT&ITeS exporters		-	825,000,000
Salaries, allowances and benefits	25	269,818,708	207,276,785
Data node bandwidth and related charges	26	52,443,126	50,160,783
Travelling and conveyance		5,270,346	6,462,872
Advertisement and publicity	27	47,182,126	4,376,503
Communication charges	28	26,671,463	8,871,298
Utilities		15,129,911	15,566,020
Rent, rates and taxes	29	71,132,584	69,653,531
Vehicle running expenses		4,310,265	3,108,691
Fee and subscription	30	6,554,737	1,669,162
Printing and stationery		2,062,861	1,398,312
Newspapers and periodicals		22,915	27,267
Exhibitions and seminars	31	1,239,548,091	397,441,230
Repair and maintenance		11,989,529	6,667,664
Research studies	32	19,000,000	-
Industry skills and development programs		-	136,987,406
Trainings		1,015,000	183,690
Funding for establishment of E-Rozgar/STPs	33	22,738,499	31,338,155
Auditor's remuneration	34	675,000	418,638
Legal and professional charges		6,395,853	2,582,000
Depreciation		17,870,653	16,368,640
Depreciation of assets related to deferred grant - in kind		32,944,263	31,093,497
Entertainment		1,352,888	821,245
Bank charges		35,198	93,839
		2,512,747,914	2,175,993,736
		(39,038,578)	241,815,796
<b>(DEFICIT)/ SURPLUS BEFORE LEVY AND TAX</b>			
Levy		-	-
<b>(DEFICIT)/ SURPLUS BEFORE TAX</b>		(39,038,578)	241,815,796
Tax	35	(18,927,779)	(43,665,070)
<b>(DEFICIT)/ SURPLUS FOR THE YEAR</b>		(57,966,357)	198,150,726

The annexed notes from 1 to 48 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	2025 Rupees	2024 Rupees
(Deficit)/Surplus for the year	(57,966,357)	198,150,726

**Other comprehensive income:**

**Items that will not be subsequently reclassified to the statement of income and expenditure:**

Remeasurement of defined benefit plan

Related deferred tax

Other comprehensive income

Total comprehensive (loss)/income for the year

405,709	1,379,606
(17,960)	(68,436)
387,749	1,311,170
<u>(57,578,608)</u>	<u>199,461,896</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.



**CHIEF EXECUTIVE**

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**DIRECTOR**



**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Rupees**

Balance as at July 01, 2023

304,098,082

Surplus for the year

198,150,726

Other comprehensive income for the year

1,311,170

Total comprehensive income for the year

199,461,896

Balance as at June 30, 2024

503,559,978

Deficit for the year

(57,966,357)

Other comprehensive income for the year

387,749

Total comprehensive loss for the year

(57,578,608)

Balance as at June 30, 2025

445,981,370

The annexed notes from 1 to 48 form an integral part of these financial statements.



**CHIEF EXECUTIVE**

  
**DIRECTOR**

**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit) / surplus before taxation		(39,038,578)	241,815,796
Adjustment for non-cash income and expenses	36	(699,966,358)	(405,514,550)
Cash flow before working capital changes		(739,004,936)	(163,698,754)
<b>Changes in working capital:</b>			
Trade debts - considered good		(2,125,038)	(316,083)
Advances and short term prepayments		(8,794,929)	(66,436,976)
Other receivables		158,328	(98,680)
Long term advances		(12,888,954)	(4,516,262)
Assets relating to PSDP and other projects - restricted funds		153,118,666	(462,959,721)
Trade and other payables		276,283,952	12,255,304
		405,752,025	(522,072,418)
Cash used in operating activities		(333,252,911)	(685,771,172)
Profit on bank deposits and investments received	20	88,140,179	89,227,892
Income tax paid	16	(43,617,274)	(21,065,311)
Medical facility paid		(9,199,511)	(6,887,050)
Employees' earned leaves paid		(3,431,394)	(3,760,860)
Gratuity paid		(12,181,074)	-
		19,710,926	57,514,671
Net cash flow used in operating activities		(313,541,985)	(628,256,501)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(37,978,766)	(41,645,089)
Proceeds from disposal of property and equipment		4,686,870	-
Additions in assets relating to restricted grants		(641,069,286)	(398,015,951)
Payment of security deposits		-	-
Short term investment - net		(100,000,000)	-
Net cash flow used in investing activities		(774,361,182)	(439,661,040)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Restricted grant received	37	1,841,331,808	1,320,688,339
Restricted grant lapsed	17	(702,422,702)	(96,907,798)
Guarantee return related to deferred grant		-	(10,335,000)
Net cash flow generated from financing activities		1,138,909,106	1,213,445,541
Increase in cash and cash equivalents		51,005,939	145,528,000
Cash and cash equivalents at the beginning of the year		324,010,147	178,482,147
Cash and cash equivalents at the end of the year		375,016,086	324,010,147

The annexed notes from 1 to 48 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**PAKISTAN SOFTWARE EXPORT BOARD (GUARANTEE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 Legal status and operations**

Pakistan Software Export Board (Guarantee) Limited ("the Company") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on June 13, 1998 as Company limited by guarantee not having share capital to carry on business activities previously performed by the Pakistan Software Export Board more independently, effectively and dynamically. The Company is fully owned and controlled by the Federal Government through Ministry of Information Technology.

The principal objective of the Company is to make Pakistan a preferred destination for the business process outsourcing, placing Pakistan as a key player in the global information technology market, creating an environment that is conducive for IT (Information Technology) business in the country and develop and strengthen domestic IT industry through various support programs and projects to deliver higher value added services and enhance IT and IT enabled services (ITeS) export from Pakistan.

**1.2 The geographical location and address of the Company's business units are as follows:**

The registered office of the Company is situated at 2nd Floor, Evacuee Trust Complex, Sector F-5/1, Islamabad.	
Location	Address
Islamabad	(Head office) Plot no. 61, 06th Floor, New State Life Tower, Blue area, Islamabad.
Islamabad	2nd floor Evacuee Trust Complex Agha Khan road F 5/1.
Karachi	NICL building 10th floor, right wing Abbasi Shaheed road.
Lahore	Office No 5/6, 5th floor Shaheen complex Edgerton road.
Quetta	PSEB office no. 1, Ultrasoft building, near Quetta International Airport.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;

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- Provisions of and directives issued under the Companies Act, 2017; and
- The State-Owned Enterprises (Governance and Operation) Act, 2023.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency.

## **3 Material accounting estimates**

The preparation of financial statements is in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

### **3.1 Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment 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.

### **3.2 Defined benefit plan**

The cost of the defined benefit plan i.e. gratuity and employees' earned leaves is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The medical facility as per service rules also requires management's judgement and estimation.

### **3.3 Allowance for expected credit losses**

Company reviews the recoverability of its receivables to assess the amount required for expected credit losses.

### 3.4 Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

### 3.5 Provisions

The Company reviews its receivable and advances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

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

### 4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance	January 01, 2024

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not



expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

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

IFRS 18 'Presentation and disclosures in financial statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without public accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 01, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

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## MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except adoption of new IFRS which have become applicable in current year.



## **5.1 Change in accounting policy**

During the year, the Company changed its accounting policy of recognising the portion of income tax paid or payable for the year under the Income Tax Ordinance, 2001, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors'. There is no effect on financial statements as a result of this policy change.

## **5.2 Property and equipment**

### **Owned**

Property and equipment except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection/construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Capital work-in-progress is stated at cost less any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the year in which they are incurred.

### **Depreciation**

Depreciation on property and equipment is charged to statement of income and expenditure applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 10 except for leasehold land which is depreciated on straight line basis over the lease term. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management, at each reporting date and adjusted if impact on depreciation is significant.

### **Derecognition**

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in statement of income and expenditure in the year the asset is derecognised.

## **5.3 Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credited losses. Trade receivables generally do not include amount overdue by 365 days.

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The Company has applied the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### **5.4 Trade and other payables**

Liabilities for trade and other payables are recognised at fair value, which is normally the transaction cost.

#### **5.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### **5.6 Employee benefits**

##### **5.6.1 Medical facility**

Employees are entitled to medical facility allowance as determined in accordance with service regulations of the Company. During the year employees can get their actual medical expenses reimbursed and remaining balance of unused entitlement, if any, is forwarded to succeeding years which employees can get reimbursed in succeeding years or can encash on termination / resignation from the service.

##### **5.6.2 Gratuity scheme**

The Company operates an unfunded and unapproved gratuity scheme for its employees. Provision for gratuity is made annually to cover obligation under the scheme on the basis of forty five days basic pay for each respective completed year of service. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other comprehensive income/(loss)' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to the statement of income and expenditure.

##### **5.6.3 Employees' earned leaves**

The Company provides the facility to its regular employees for accumulating their annual earned leaves. Under the unfunded scheme, employees are entitled to 48 days for each completed year of service subject to maximum accumulation of 96 days. Earned leaves accruing beyond the period of 96 days shall stand lapsed. The accumulated earned leaves balance shall be encashed at the time of severance of employment of the employee or earlier subject to the approval of the competent authority. The encashment of the leaves shall be made on the last basic salary drawn by the employee plus maximum entitlement of house rent.



Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other comprehensive income/(loss)' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to the statement of income and expenditure.

## **5.7 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of income and expenditure except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **(a) Current**

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

### **(b) Levy**

Minimum tax, final tax and super-tax not based on taxable profits are recognised as a levy in the income and expenditure account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as a levy is then recognised as current income tax expense in the statement of income and expenditure.

### **(c) Deferred**

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available and the credits can be utilised.

### **(d) Prior years**

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

## **5.8 Provisions**

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.



## **5.9 Revenue recognition**

Revenue is recognised when or as performance obligation is satisfied by rendering of services to a customer over time or at point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Interest income is recognised as it accrues in statement of income and expenditure, using effective interest method.

## **5.10 Government grants**

Government grants are recognised when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

### **Grants related to income**

Grants related to income including PSDP and other projects' restricted grants are recognised on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of the respective grant agreements.

### **Grants related to assets**

Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by setting up the grant as "Capital Grant". An amount equivalent to the depreciation for each year on such assets is credited to statement of income and expenditure in the same year in which the depreciation is charged.

## **5.11 Financial instruments**

### **5.11.1 Financial assets**

#### **Classification and measurement**

##### **Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in income and expenditure and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and expenditure.

##### **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in statement of income and expenditure. When the financial asset is de-recognised,

the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of income and expenditure and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(other expenses) and impairment losses are presented as separate line item in the statement of income and expenditure.

#### **Fair value through statement of income and expenditure (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in the statement of income and expenditure and presented net within other income / (other expenses) in the period in which it arises.

#### **Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of income and expenditure. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Changes in the fair value of equity investments at fair value through statement of income and expenditure are recognised in other income / (other expenses) in the statement of income and expenditure as applicable.

Dividends from such investments continue to be recognised in statement of income and expenditure as other income when the Company's right to receive payments is established.

### **5.11.2 Financial liabilities**

#### **i. Classification and measurement**

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



## **ii. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## **iii. De-recognition**

### **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate entity.

### **Financial liabilities**

The Company derecognises a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

## **iv. Offsetting of financial instruments**

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

## **5.12 Foreign currencies**

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of income and expenditure.



6 PROPERTY AND EQUIPMENT

Particulars	Leasehold land	Leasehold Improvements	Furniture and fittings	Office and electric equipments	Computer and related equipments	Data node equipments and installations	Vehicles	Total
Rupees								

Year ended June 30, 2025

Net carrying value basis

Opening net book value

Additions

Transfer:

- Cost

- Accumulated depreciation

Disposals:

- Cost

- Accumulated depreciation

Depreciation charge

Closing net book value

Gross carrying value basis

Cost

Accumulated depreciation

Net book value

Year ended June 30, 2024

Net carrying value basis

Opening net book value

Additions

Transfer:

- Cost

- Accumulated depreciation

Depreciation charge

Closing net book value

Gross carrying value basis

Cost

Accumulated depreciation

Net book value

Annual rate of depreciation

538,266,776	35,263,821	10,315,779	23,677,800	6,901,325	7,374,073	58,416	621,857,990
-	-	935,920	6,239,256	13,937,490	-	16,866,100	37,978,766
-	-	739,984	1,170,000	6,754,874	-	-	8,664,858
-	-	(145,592)	(245,993)	(3,020,865)	-	-	(3,412,450)
-	-	594,392	924,007	3,734,009	-	-	5,252,408
-	-	(413,800)	(244,395)	(1,044,727)	-	(4,105,819)	(5,808,741)
-	-	371,817	187,761	1,033,703	-	4,081,920	5,675,201
-	-	(41,983)	(56,634)	(11,024)	-	(23,899)	(133,540)
(29,358,541)	(11,584,152)	(1,117,587)	(2,570,863)	(3,013,418)	(1,474,815)	(1,695,540)	(50,814,916)
508,908,235	23,679,669	10,686,521	28,213,566	21,548,382	5,899,258	15,205,077	614,140,708
892,841,499	47,829,305	21,640,686	45,600,629	45,215,778	39,600,869	17,407,291	1,110,136,057
(383,933,264)	(24,149,636)	(10,954,165)	(17,387,063)	(23,667,396)	(33,701,611)	(2,202,214)	(495,995,349)
508,908,235	23,679,669	10,686,521	28,213,566	21,548,382	5,899,258	15,205,077	614,140,708
550,709,538	13,746,121	10,150,923	21,063,648	5,073,567	9,217,591	73,020	610,034,408
-	33,101,852	634,800	4,801,603	3,106,635	-	-	41,644,890
16,915,779	-	783,970	-	423,980	-	-	18,123,729
-	-	(131,435)	-	(351,665)	-	-	(483,100)
16,915,779	-	652,535	-	72,315	-	-	17,640,629
538,266,776	35,263,821	10,315,779	23,677,800	6,901,325	7,374,073	58,416	621,857,990
892,841,499	47,829,305	20,524,174	38,681,761	28,589,006	39,600,869	4,594,015	1,072,660,629
(354,574,723)	(12,565,484)	(10,208,395)	(15,003,961)	(21,687,681)	(32,226,796)	(4,535,599)	(450,802,639)
538,266,776	35,263,821	10,315,779	23,677,800	6,901,325	7,374,073	58,416	621,857,990
3.33%	33.33%, 16.67%	10%	10%	25%	20%	20%	

7 ASSETS RELATING TO PSDP AND OTHER PROJECTS - RESTRICTED FUNDS

Particulars	Leasehold land	Furniture and fittings	Office and electric equipments	Computer and related equipments	Data node equipments and installations	Total	CWIP	Total
Rupees								
<b>Year ended June 30, 2025</b>								
Net carrying value basis								
Opening net book value	-	1,384,643	11,206,527	16,145,192	16,271,272	45,007,634	378,119,266	423,126,900
Additions	-	-	2,901,042	6,571,596	-	9,472,638	631,596,648	641,069,286
Transfer:								
- Cost	-	(739,984)	(1,170,000)	(6,754,874)	-	(8,664,858)	-	(8,664,858)
- Accumulated depreciation	-	145,592	245,993	3,020,865	-	3,412,450	-	3,412,450
Depreciation charge	-	(594,392)	(924,007)	(3,734,009)	-	(5,252,408)	-	(5,252,408)
Closing net book value	-	(79,025)	(1,052,427)	(3,239,704)	(3,254,254)	(7,625,410)	-	(7,625,410)
	-	711,226	12,131,135	15,743,075	13,017,018	41,602,454	1,009,715,914	1,051,318,368
<b>Gross carrying value basis</b>								
Cost	-	989,340	15,625,793	24,981,978	18,352,325	59,949,436	1,009,715,914	1,069,665,350
Accumulated depreciation	-	(278,114)	(3,494,658)	(9,238,903)	(5,335,307)	(18,346,982)	-	(18,346,982)
Net book value	-	711,226	12,131,135	15,743,075	13,017,018	41,602,454	1,009,715,914	1,051,318,368
<b>Year ended June 30, 2024</b>								
Net carrying value basis								
Opening net book value	16,915,779	1,923,161	12,092,846	13,895,042	3,881,388	48,708,216	378,119,266	426,827,482
Additions	-	251,562	325,680	5,901,086	13,418,357	19,896,685	-	19,896,685
Transfer:								
- Cost	(16,915,779)	(783,970)	-	(423,980)	-	(18,123,729)	-	(18,123,729)
- Accumulated depreciation	-	131,435	-	351,665	-	483,100	-	483,100
Depreciation charge	(16,915,779)	(652,535)	-	(72,315)	-	(17,640,629)	-	(17,640,629)
Closing net book value	-	(137,545)	(1,211,999)	(3,578,621)	(1,028,473)	(5,956,638)	-	(5,956,638)
	-	1,384,643	11,206,527	16,145,192	16,271,272	45,007,634	378,119,266	423,126,900
<b>Gross carrying value basis</b>								
Cost	-	1,729,324	13,894,751	25,165,256	18,352,325	59,141,656	378,119,266	437,260,922
Accumulated depreciation	-	(344,681)	(2,688,224)	(9,020,064)	(2,081,053)	(14,134,022)	-	(14,134,022)
Net book value	-	1,384,643	11,206,527	16,145,192	16,271,272	45,007,634	378,119,266	423,126,900
<b>Annual rate of depreciation</b>								
	3.3%	10%	10%	25%	20%			

✓



	Note	2025 Rupees	2024 Rupees
<b>8 LONG TERM ADVANCES</b>			
Advances to employees against salaries and benefits	8.1	74,489,001	61,600,047
Less: Current portion shown under current assets		(8,051,114)	(9,074,835)
		<u>66,437,887</u>	<u>52,525,212</u>

- 8.1 Advances given to employees against salaries and benefits are interest free and are secured against their respective staff benefit balance. These advances have been given to employees and executives for the purchase of house, vehicle, or for personal use in accordance with the terms of employment. Further, these include outstanding balances of advances given to key management personnel namely: M/s. Muhammad Faheem Akhtra- Chief Finance & Admin Officer, Muhammad Sulman Hassan - Director International Marketing, Sajid Mahmood Warraich - CFO & Company Secretary, Shaukat Ali - Director Technical, Syed Ali Abbas Hasni - Director Operation and Admin, Sajjad Haider- Director Internal Audit, Shahbaz Hameed- Director Business Development & Partnership, Raza Ahmed - Director Skills & Capacity Building amounting to Rs. Nil, Rs. 7,548,240, Rs. 9,434,971, Rs. 818,000, Rs. Nil, Rs. 419,062, Rs. 227,585, Rs. 265,528 respectively (2024: Rs. 725,105, Rs. 5,305,240, Rs. 7,322,025, Rs. 216,800, Rs. 5,675,983, Rs. 599,785, Rs. Nil respectively).
- 8.2 Advances given to key management during the year amounting to Rs. 21,413,968 (2024: Rs. 21,445,176) whereas advances adjusted during the year amounting to Rs. 22,545,520 (2024: Rs. 21,329,186).
- 8.3 The maximum aggregate amount outstanding at the end of any month during the year were Rs. 27,225,514 (2024: Rs. 23,807,326).
- 8.4 Long term advances have not been recorded at their present values as the impact is considered to be immaterial.

	2025 Rupees	2024 Rupees
<b>9 DEFERRED TAXATION</b>		
This comprises of following:		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	(8,197,206)	(3,943,224)
<b>Deductible temporary differences</b>		
Provision for gratuity	3,690,081	4,140,464
Provision for medical facility	464,560	499,810
Provision for earned leaves	837,748	948,247
	<u>4,992,389</u>	<u>5,588,521</u>
	<u>(3,204,817)</u>	<u>1,645,297</u>



	Note	2025 Rupees	2024 Rupees
<b>9.1 Movement in deferred tax balances is as follows:</b>			
Balance at start of year		1,645,297	3,923,955
Recognised in statement of income and expenditure:			
Accelerated tax depreciation		(4,253,982)	(3,245,578)
Provision for gratuity		(375,686)	952,117
Provision for medical facility		(35,250)	92,144
Provision for earned leave		(168,557)	(8,905)
		(4,833,475)	(2,210,222)
Remeasurement of defined benefit plan		(16,639)	(68,436)
Balance at end of year		<u>(3,204,817)</u>	<u>1,645,297</u>

## 10 TRADE DEBTS - CONSIDERED GOOD

Trade debt- Considered good	10.1	<u>12,068,389</u>	<u>9,943,351</u>
10.1 As on June 30, 2025, trade debts were neither past due nor impaired. The aging analysis of these trade debts is as follows:			

	Note	2025 Rupees	2024 Rupees
Up to 6 months		12,068,389	9,943,351
More than 6 months		-	-
		<u>12,068,389</u>	<u>9,943,351</u>

## 11 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances to employees against expenses		99,501	99,501
Current portion of long term advances		8,051,114	9,074,835
Advances to suppliers		5,151,834	27,840,333
Security deposit	11.1	18,553,360	18,553,360
Short term prepayments	11.2	70,777,191	39,293,763
		<u>102,633,000</u>	<u>94,861,792</u>

11.1 This includes security deposit with State Life Tower Corporation of Pakistan against building rent.

11.2 This mainly includes prepaid rent to National Insurance Company Limited for Karachi office, Evacuee Trust and State Life Tower for Islamabad office amounting to Rs. 5,456,555, Rs. 22,771,350 and Rs. 42,050,468 respectively.

	Note	2025 Rupees	2024 Rupees
<b>12 OTHER RECEIVABLES</b>			
Profit receivable from deposits in saving accounts		2,988,239	8,878,481
Others		756,328	914,656
		<u>3,744,567</u>	<u>9,793,137</u>

**13 ASSETS RELATING TO PSDP AND OTHER PROJECTS - RESTRICTED FUNDS**


Advances to vendors	13.1	413,653,129	575,752,238
Internal receivables		15,374,041	22,164,850
Cash with banks in current accounts		25,586,527	9,815,275
		<u>454,613,697</u>	<u>607,732,363</u>

- 13.1 The advance is given to the vendors for the purpose of IT Trainings which comprises Rs. 102,612,644/- (2024: Rs. 102,612,644/-) under project titled "Certification of IT Professionals" Rs. Nil (2024: Rs. 4,200,000) under project titled "General Data Protection Regulation" and Rs. 311,040,485 (2024: Rs. 468,939,594) under project titled "Establishment of IT Park Karachi.

	Note	2025 Rupees	2024 Rupees
<b>14 SHORT TERM INVESTMENT</b>			
<b>At amortised cost:</b>			
Term Deposits Receipts (TDRs) - cost	14.1	300,000,000	200,000,000
Accrued profit		18,740,339	11,178,082
		<u>318,740,339</u>	<u>211,178,082</u>

- 14.1 This represents investment of Rs 200,000,000 and Rs 100,000,000 each in a Term Deposit Receipts (TDRs) placed with National Bank of Pakistan for a period of 1 year carry markup of 11.46% (2024: 20.00%) and 16.24% (2024: nil) respectively per anum.

	Note	2025 Rupees	2024 Rupees
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		95,454	110,236
Cash at banks:			
- Current accounts- Local Currency		802	957
- Saving accounts- Local Currency	15.1	374,919,830	323,898,954
		<u>374,920,632</u>	<u>323,899,911</u>
		<u>375,016,086</u>	<u>324,010,147</u>

- 15.1 These include funds of Rs. 25,176,619 (2024: Rs. 22,434,550) in Bank Alfalah Limited and Rs. 108,848,712 (2024: Rs. 92,714,446) in Habib Bank Limited, earmarked for Data Node Securities and employee benefits respectively. 

15.2 The balances in saving accounts carry interest of 12% to 14% (2024: 17% to 18%) per anum.

	Note	2025 Rupees	2024 Rupees
<b>16 STAFF BENEFITS</b>			
Medical facility	16.1	11,327,591	10,075,697
Gratuity	16.2	89,976,989	83,467,758
Employees' earned leaves	16.2	20,427,215	19,115,745
		<u>121,731,795</u>	<u>112,659,200</u>

**16.1 Medical facility**

Balance at start of year		10,075,697	8,187,216
Charge for the year	25	10,451,405	8,775,531
Benefits paid during the year		(9,199,511)	(6,887,050)
Balance at end of year		<u>11,327,591</u>	<u>10,075,697</u>

16.1.1 The latest actuarial valuation for gratuity and earned leaves was carried out at June 30, 2025, using projected unit credit method. The amount recognised are determined as follows:

	2025 Rupees	2024 Rupees
<b>16.2 Defined benefit obligation</b>		
Gratuity	89,976,989	83,467,758
Employees' earned leaves	20,427,215	19,115,745
	<u>110,404,204</u>	<u>102,583,503</u>

**16.2.1 Movement in liability recognised in the statement of financial position**

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Balance at start of year	83,467,758	69,990,425	19,115,745	14,638,650
Current service cost	9,678,866	8,434,742	891,194	1,627,239
Interest cost for the year	10,832,811	11,023,492	2,436,007	2,009,420
Charge to other comprehensive income	(1,821,372)	(5,980,901)	1,415,663	4,601,296
Benefit paid during the year	(12,181,074)	-	(3,431,394)	(3,760,860)
Balance at end of year	<u>89,976,989</u>	<u>83,467,758</u>	<u>20,427,215</u>	<u>19,115,745</u>

**16.2.2 Amounts recognised in the statement of income and expenditure**

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Current service cost	9,678,866	8,434,742	891,194	1,627,239
Interest cost for the year	10,832,811	11,023,492	2,436,007	2,009,420
	<u>20,511,677</u>	<u>19,458,234</u>	<u>3,327,201</u>	<u>3,636,659</u>



### 16.2.3 Amounts recognised in the statement of comprehensive income

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Actuarial gain due to experience adjustments	(1,821,372)	(5,980,901)	1,415,663	4,601,296

### 16.2.4 Principal actuarial assumptions used

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Discount rate	12.50%	14.00%	12.50%	14.00%
Expected rate of increase in salary	11.50%	13.00%	11.50%	13.00%
Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)	SLIC (2001-05)

### 16.2.5 Allocation of charge for the year

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Salaries, allowances and benefits	20,511,677	19,458,234	1,415,663	4,601,296

### 16.2.6 Sensitivity analysis

	Gratuity		Employees' earned leaves	
	2025	2024	2025	2024
Discount Rate + 1 %	78,952,357	75,240,189	18,111,788	15,616,980
Discount Rate - 1 %	96,928,317	90,922,682	23,149,781	19,924,021
Salary growth rate + 1 %	96,993,378	90,982,246	23,135,835	19,912,252
Salary growth rate - 1 %	78,727,684	75,042,744	18,085,248	15,594,558

### 16.2.7 Risks associated with defined gratuity and employees' earned leaves benefit plans

Through its defined gratuity benefit plan and employees' earned leaves, the PSEB is exposed to a number of risks, the most significant of which are detailed below:

#### • Discount rate risk

The risk of changes in Discount rate will have an impact on the Actuarial Liability. Any increase in discount rate will reduce the liability and vice versa.

#### • Salary increase / inflation risk.

The increase in salary in the future years being higher than assumed will increase the liability.

#### • Mortality risk.

Any reduction in the mortality rates being assumed will increase the liability.

#### • Withdrawal risk

Any differences in the assumed withdrawal rates will have a corresponding impact on the liability depending on the Benefits payable on withdrawal.

## DEFERRED GRANTS RELATED TO PROJECTS

Particulars	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	TOTAL
	Rupees											
Balance as at July 01, 2024	108,186,894	4,855,077	4,637,206	10,875,000	11,861,165	1,049,083	3,192,863	4,755,522	1,345,590	847,058,860	33,040,063	1,030,859,263
Add: Received during the year from:												
Government of Pakistan	246,130,000	-	-	154,875,000	-	-	-	81,549,750	147,183,218	1,055,000,000	110,000,000	1,824,737,968
Other Companies	16,593,840	-	-	-	-	-	-	-	-	-	-	16,593,840
Total receipts	262,723,840	-	-	154,875,000	-	-	-	81,549,750	147,183,218	1,055,000,000	110,000,000	1,841,331,808
Less: Expenditures												
Consultancy/Appraisals - Capability Maturity Model Integration (CMMI) - ISO 27001/27001/20000	-	-	-	-	-	-	-	-	-	-	-	-
Trainings - CMMI - ISO 27001/20000/18295 & Certifications	-	-	-	-	-	-	-	-	-	-	-	(228,797,891)
Trainings/Certifications/Observations	(228,797,891)	-	-	-	-	-	-	-	(7,110,000)	-	-	(7,110,000)
Internship cost	-	-	-	-	-	-	-	-	-	-	-	-
Conference/Seminars/Workshop	-	-	(1,040,809)	(84,875,000)	(9,950,000)	-	-	(535,000)	(10,499,709)	(56,914,230)	-	(253,315,039)
Consultancy & Contractual Work/Services	(13,621,980)	-	-	-	-	-	-	(29,330,564)	-	(16,873,971)	(3,768,607)	(102,094,831)
Salaries and benefits	(570,660)	-	-	-	-	-	-	(2,372,855)	-	(428,700)	(3,555,774)	(4,349,206)
Travelling	(175,295)	-	-	-	-	-	-	(918,273)	-	(31,594)	(9,903,724)	(10,993,892)
Advertisement	(180,571)	-	-	-	-	-	-	-	-	(1,347,500)	(3,366,310)	(5,492,847)
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Office rent/Rent for other buildings	-	-	-	-	-	-	-	-	-	-	-	-
Cabling & Fibers	-	-	-	-	-	-	-	(1,400,436)	(236,397)	-	(6,037,637)	(7,674,470)
Research Studies	(110,940)	-	-	-	-	-	-	(657,924)	(9,192)	-	(3,555,774)	(4,349,206)
Depreciation (Note 7)	(126,316)	-	-	-	-	-	-	-	-	-	-	-
Others	(243,583,653)	-	(1,040,809)	(184,875,000)	(9,950,000)	-	-	(34,955,032)	(17,955,208)	(76,039,140)	(90,184,946)	(658,583,893)
Total expenditure	-	-	-	-	-	-	-	-	-	-	-	-
PSDP funds surrendered / lapsed / re-appropriated	(3,179,864)	-	-	-	-	-	-	(47,735,134)	(129,564,317)	(505,263,321)	(16,380,066)	(702,422,702)
Funds Transfer to Government Treasury / others	-	-	-	-	-	-	-	-	-	-	-	-
Others/Guarantee Return/Bids/FOL/Misc Assets reclassified to PSFB owned assets	(3,479,864)	-	(278,156)	-	(732,305)	(1,049,083)	(3,192,863)	(47,735,134)	(129,564,317)	(505,263,321)	(16,380,066)	(702,422,702)
Total	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2025	123,847,217	4,855,077	3,318,241	10,875,000	1,180,800	-	-	3,615,086	1,009,193	1,320,756,399	36,475,052	1,505,922,065

Particulars	Certification of IT Professionals	Enhancing of IT Exports Through Industry Support Program	Standardization of IT Industry	Technology Marketing Export Program	General Data Protection Regulations (GDPR)	Rating Smart Capital Through Pvt Trading Market at PSX	ICT Internship Program	Component 2 of PM Initiatives	Component 3 of PM Initiatives	Establishment of IT Park Karachi	Establishment of 25 STPs	TOTAL
	122,271,082	6,779,926	2,768,923	-	6,664,507	10,490,492	3,963,015	-	-	16,915,779	23,646,134	193,480,858

Balance as at July 01, 2023

Add: Received during the year from:

Government of Pakistan	23,500,000	-	35,277,000	50,000,000	28,582,103	13,600,000	161,850,000	10,000,000	1,700,000	854,341,634	119,920,000	1,298,770,737
Other Companies	1,605,900	-	1,961,002	10,875,000	7,475,700	-	-	-	-	-	-	21,917,692
Total receipts	25,105,900	-	37,238,002	60,875,000	36,057,803	13,600,000	161,850,000	10,000,000	1,700,000	854,341,634	119,920,000	1,320,688,339

Less: Expenditures

Consultance/ Appraisals - Capability Maturity Model Integration (CMMI) - ISO 27701/27001/20000	-	-	-	-	(19,228,000)	-	-	-	-	-	-	(19,228,000)
Trainings - CMMI - ISO 27001/20000/ 8295 & Certifications	-	-	(9,791,809)	-	(250,000)	-	-	-	-	-	-	(9,791,809)
Trainings/Certifications/Observations	(25,917,320)	-	-	-	-	-	(141,799,050)	-	-	-	-	(141,799,050)
Internship cost	-	-	-	-	-	-	-	-	-	-	-	-
Conference/Seminar/Workshop	-	-	-	-	-	-	-	-	-	-	-	-
Consultancy & Contractual Work/Services	(11,332,286)	-	(9,418,757)	-	(10,111,409)	(11,587,000)	(15,064,062)	-	-	(5,677,902)	(38,666,505)	(101,857,921)
Salary and benefits	(1,673,380)	-	(569,100)	-	(288,060)	(197,335)	(243,874)	-	-	(675,005)	(1,263,568)	(2,282,685)
Travelling	-	-	-	-	(82,947)	(384,942)	(91,789)	-	-	-	(511,221)	(1,590,476)
Advertisement	(152,823)	-	(91,487)	-	(240,000)	(195,982)	(399,003)	-	-	-	(33,205,109)	(33,205,109)
Utilities	-	-	-	-	-	-	-	-	-	-	(459,000)	(459,000)
Office rent/Rent for other buildings	-	-	-	-	-	-	-	-	-	-	(11,628,000)	(11,628,000)
Cabling & Fibers	-	-	(11,628,000)	-	(244,102)	(306,109)	(770,152)	(97,024)	(28,630)	(99,509)	(4,275,989)	(5,996,638)
Research Studies	(141,613)	-	(92,719)	-	(295,687)	-	(696,965)	-	-	-	(298,540)	(1,820,983)
Depreciation (Note 7)	(81,155)	-	(349,127)	-	(30,840,205)	(12,581,668)	(159,064,895)	(97,024)	(26,630)	(6,452,416)	(79,627,934)	(358,426,508)
Others	(37,792,777)	-	(31,940,959)	-	-	-	-	-	-	-	-	-
Total expenditure	-	-	-	-	-	-	-	-	-	-	-	-
PSDP Funds surrendered / Inputted / re-appropriated	(1,397,311)	(1,200,000)	(3,428,760)	(50,000,000)	-	(1,324,741)	(3,555,257)	(5,147,454)	(325,780)	(830,358)	(30,898,137)	(96,907,798)
Others/Guarantee Return/Risks/Equity/Assets reclassified to PSFB owned assets	-	(724,849)	-	-	-	(9,135,000)	-	-	-	(16,915,779)	-	(17,640,628)
Total	(1,397,311)	(1,924,849)	(3,428,760)	(50,000,000)	-	(10,459,741)	(3,555,257)	(5,147,454)	(325,780)	(17,746,137)	(30,898,137)	(124,883,426)
Balance as at June 30, 2024	108,186,894	4,855,077	4,637,206	10,875,000	11,863,105	1,049,083	3,192,863	4,755,522	1,345,590	847,058,860	33,040,053	1,030,859,263

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- (a) PSEB plans to create a highly skilled resource pool within Pakistan IT industry and training of 10,000 participants including IT industry professionals to match advanced specialized international technological requirements.
- (b) PSEB plans to support IT Industry by assisting companies in acquiring CMMI certifications and ISO 27001 & 20000. Resultantly, increasing IT Exports as per the vision 2025 set by the Government of Pakistan.
- (c) PSEB plans to support IT Industry by assisting companies in acquiring ISO 18295 certifications and procurement of 2 research studies for branding and promotion of IT Industry within and outside Pakistan.
- (d) The aim of this project to increase the capacity of IT/ITeS companies for elaborative International PR and Marketing campaign.
- (e) The project aims to certify 50 IT/ITES companies on ISO27001 and ISO27701 standards in next three years for the purpose of General Data Protection Regulation compliance.
- (f) The aim of this project is to facilitate 40 potential Small Medium Size IT Enterprises looking to raise smart capital for business growth to qualify for listing and trade on PSX GEM (Growth Enterprise Market).
- (g) The project aims to provide opportunity to 3000 graduates and their contributing members of the ICT industry by gaining professional experience through a 6 months internship in the ICT companies and IT departments of public and private sector organizations where ICT work is being performed.
- (h) Pakistan e-Rozgaar Establishment of more than 250 Co-working Spaces across Pakistan Pakistan Software Export Board.
- (i) Capacity Building of IT Industry in Specialized Technologies & Platforms. Train 20,000 university students in specialized technologies and place 19,000 final-semester students in industry for practical experience.
- (j) The project aim is to establish Information Technology Parks (ITPs) to play an instrumental role to encourage collaboration, digitization and innovation in both traditional socio-economic sectors and new emerging technologies.
- (k) The project aims to establish 25 STPs (Software Technology Parks) in Karachi, Lahore, Islamabad, secondary and tertiary cities and towns of Pakistan.

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## DEFERRED GRANTS

DEFERRED GRANTS

Particulars	Purpose / utilization of grants		Total	Grants received in kind	Total
	Capital	Revenue			
	----- Rupees -----				
Balance as at July 01, 2024	27,134,520	-	27,134,520	547,088,502	574,223,022
<b>Add: Net receipts</b>					
Grants received during the year	-	1,723,000,000	1,723,000,000	5,252,408	1,728,252,408
Surrendered/Lapse	-	(297,449,257)	(297,449,257)	-	(297,449,257)
Net during the year	-	1,425,550,743	1,425,550,743	5,252,408	1,430,803,151

**Less: Grants amortised**

Disposal of property, plant and equipment	-	-	-	-	-
Depreciation	(6,801,963)	-	(6,801,963)	(32,944,263)	(39,746,226)
Salaries and benefits	-	(208,179,257)	(208,179,257)	-	(208,179,257)
Other operating expenses	-	(1,217,371,486)	(1,217,371,486)	-	(1,217,371,486)
	(6,801,963)	(1,425,550,743)	(1,432,352,706)	(32,944,263)	(1,465,296,969)
Balance as at June 30, 2025	20,332,557	-	20,332,557	519,396,647	539,729,204

Balance as at June 30, 2025		20,552,557			
Particulars	Purpose / utilization of grants		Total	Grants received in kind	Total
	Capital	Revenue			
	----- Rupees -----				

Balance as at July 01, 2023	34,188,456	-	34,188,456	560,541,370	594,729,826
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**Add: Net receipts**

Grants received during the year	-	900,000,000	900,000,000	17,640,629	917,640,629
Surrendered/Lapse	-	(117,339,457)	(117,339,457)	-	(117,339,457)
Net during the year	-	782,660,543	782,660,543		782,660,543

**Less: Grants amortised**

Disposal of property, plant and equipment	-	-	-	-	-
Depreciation	(7,053,936)	-	(7,053,936)	(31,093,497)	(38,147,433)
Salaries and benefits	-	(150,130,543)	(150,130,543)	-	(150,130,543)
Other operating expenses	-	(632,530,000)	(632,530,000)	-	(632,530,000)
	(7,053,936)	(782,660,543)	(789,714,479)	(31,093,497)	(820,807,976)
Balance as at June 30, 2024	27,134,520	-	27,134,520	547,088,502	574,223,022

- 18.1 This grant from the Ministry of Information Technology covers employee costs and operating and marketing expenses. It includes Rs. 0.448 billion for the Digital Foreign Direct Investment (DFDI) Forum, held in Islamabad from April 29–30, 2025, in collaboration with the Digital Cooperation Organisation (DCO). The event aimed at advancing digital policy dialogue, attracting foreign direct investments, fostering global collaboration and highlighting investment opportunities.

	Note	2025 Rupees	2024 Rupees
<b>19 TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	245,525,628	3,611,116
Accrued liabilities		4,819,458	4,427,810
Withholding income tax on services		8,730,653	8,606,872
Unearned revenue	19.2	105,724,282	62,051,273
Security deposits	19.3	10,975,002	11,349,681
Other payables		17,320,691	26,765,010
		<u>393,095,714</u>	<u>116,811,762</u>

19.1 This mainly includes payable to Naqeebz Consulting to provide event management services for the execution of high profile events to promote IT industry of Pakistan, both locally and internationally. During the year an amount of Rs. 241,181,025 (2024: Nil) relating to Digital Foreign Direct Investment (DFDI) was committed to the said party.

19.2 Movement of unrealised receipts - relating to bandwidth receipts and companies / call center receipts.

	2025 Rupees	2024 Rupees
Balance as at July 01, 2024	62,051,273	47,122,078
Additions during the year	105,724,282	62,051,273
realised during the year	(62,051,273)	(47,122,078)
Balance as at June 30, 2025	<u>105,724,282</u>	<u>62,051,273</u>

19.3 These security deposits relate to deposits from bandwidth customers kept in separate bank account as per requirements of Section 217(2) of the Companies Act, 2017. These deposits are not utilised for the purpose of business.

	Notes	2025 Rupees	2024 Rupees
<b>20 TAXATION-NET</b>			
Balance at start of year		19,623,222	-
Add: Provision for the year	35	14,094,304	41,454,848
Less: Tax paid / deducted at source		(43,617,274)	(21,831,626)
Balance at end of year		<u>(9,899,748)</u>	<u>19,623,222</u>

## 21 CONTINGENCIES AND COMMITMENTS

### 21.1 Contingency

The Company has no contingency as at reporting date (2024: Nil)



## 21.2 Commitment

- a) The Company has no commitments as at reporting date (2024: Nil).
- b) A case is filed by an ex-employee of PSEB for reinstatement in October 2014 before the Islamabad High Court and is pending for adjudication.

## 22 REVENUE FROM BANDWIDTH AND RELATED SERVICES

### Data node receipts

IP addresses

Bandwidth receipts

Bandwidth connection charges

Miscellaneous receipts

2025  
Rupees

2024  
Rupees

2,961,167	3,129,668
98,351,136	100,090,158
100,000	25,000
178,196	62,432
101,590,499	103,307,258

### Data node co-location receipts

Space rent for co-location services

Electricity and air conditioning charges

1,610,451	1,242,811
4,440,558	2,553,816
6,051,009	3,796,627

### Data node media charges

Media charges from companies

Media connection charges

1,824,000	2,210,599
85,000	23,900
1,909,000	2,234,499
109,550,508	109,338,384

- 22.1 This represents bandwidth receipts and IP addresses provided to customers and are charged on annual subscription bases.

## 23 REGISTRATION AND RENEWAL FEE

### Registration and contribution fee

Company registration fee

Company renewal fee

19,508,668	20,902,157
50,754,784	28,787,875
70,263,453	49,690,032

### Receipts from call centers and NOCs

Call centre registration fee

Call centre renewal fee

Call centre branch registration fee

NOC remittance charges

13,710,373	23,531,197
27,542,974	29,436,158
-	-
9,926,392	10,282,394
51,179,739	63,249,749

	2025 Rupees	2024 Rupees
<b>Receipt from freelancers</b>		
Freelancer registration fee	3,776,666	2,651,941
Freelancer renewal fee	2,845,334	2,967,680
	6,622,000	5,619,621
	<u>128,065,192</u>	<u>118,559,402</u>

23.1 This represents registration and renewal fee from various I.T companies and call centers against regulatory and corporate facilitations.

	Note	2025 Rupees	2024 Rupees
<b>24 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		42,335,569	54,085,699
Profit on Term Deposits Receipt		47,476,625	40,144,109
		<u>89,812,194</u>	<u>94,229,808</u>
<b>Income from non-financial assets</b>			
Exhibition participation fee		17,845,927	91,024,463
Miscellaneous		4,554,648	422,991
		22,400,575	91,447,454
		<u>112,212,769</u>	<u>185,677,262</u>
<b>25 SALARIES, ALLOWANCES AND BENEFITS</b>			
Salaries		134,867,747	100,212,030
Allowances and other benefits		100,660,678	75,194,331
Medical facility	16.1	10,451,405	8,775,531
Gratuity	16.2.5	20,511,677	19,458,234
Employees' earned leaves	16.2.5	3,327,201	3,636,659
		<u>269,818,708</u>	<u>207,276,785</u>
<b>26 DATA NODE BANDWIDTH AND RELATED CHARGES</b>			
Inter-operator charges (Bandwidth, LMM)	26.1	50,358,733	48,058,236
IP address charges		910,635	963,021
Service charges		1,173,758	1,139,526
		<u>52,443,126</u>	<u>50,160,783</u>

26.1 These include services received from:

	2025 Rupees	2024 Rupees
Pakistan Telecommunication Company Limited	21,879,446	18,285,846
Transworld Associates Private Limited	15,751,205	16,790,105
Shaheen Complex	205,800	-
CM Pak Limited	58,077	-
Professional communication	3,467,493	3,998,671
Multinet Pakistan Private Limited	899,041	-
M/s Vision telecom	3,196,110	3,530,711
Sat Com Private limited	494,734	387,745
Multinet Pakistan Private Limited	100,380	-
Link Dot Net Private limited	1,476,993	1,795,759
Connect Communications Private Limited	699,354	732,058
BNS Links Private Limited	2,130,100	2,094,125
Others	-	443,216
	<u>50,358,733</u>	<u>48,058,236</u>

## 27 ADVERTISEMENT AND PUBLICITY

This mainly includes payment to Synergy Advertising (Pvt.) Limited against advertisement charges for a marketing campaign of IT Parks. The media type was billboards placed at multiple prime locations, including Blue Area Islamabad, F-10 Markaz opposite Cheezious Islamabad, Kashmir Highway Khanna Road opposite Rehman Enclave, Main Fazal-e-Haq Road, GT Road Forest Town and Qasim Market near Joyland Ayub Park.

## 28 COMMUNICATION CHARGES

This includes services received from Associated Companies "Pakistan Telecommunication Company Limited" Rs. 202,177 (2024: Rs. 280,619) and "National Telecommunication Company" Rs. 1,233,178 (2024: Rs. 958,678) during the year.

	2025 Rupees	2024 Rupees
<b>29 RENT, RATES AND TAXES</b>		
National Insurance Company Limited (NICL)	4,999,717	7,531,810
State Life tower	45,322,159	42,034,328
Evacuee Trust Complex	20,330,708	18,111,693
Store rent	480,000	560,000
Tariq center Karachi	-	1,415,700
	<u>71,132,584</u>	<u>69,653,531</u>

## 30 FEE AND SUBSCRIPTION

This includes license fee payable to Pakistan Telecommunication Authority for the year amounting to Rs. 295,959 (2024: Rs. 318,697). *etc*



	Note	2025 Rupees	2024 Rupees
<b>31 EXHIBITIONS AND SEMINARS</b>			
International exhibition		516,692,335	308,169,563
Domestic exhibitions	31.1	710,418,405	84,686,274
Branding and advertisement		12,437,351	4,585,393
		<u>1,239,548,091</u>	<u>397,441,230</u>
31.1 Digital Foreign Direct Investment (DFDI) 2025 Forum held in Islamabad from April 29 to 30, 2025, in collaboration with Digital Cooperation Organisation (DCO). The event aimed at advancing digital policy dialogue, attracting foreign direct investments, fostering global collaboration and highlighting investment opportunities.			
	Note	2025 Rupees	2024 Rupees
<b>32 RESEARCH STUDIES</b>			
Cyber Vision Tech Pvt Ltd	32.1	<u>19,000,000</u>	<u>-</u>
32.1 These expenses relate to payments made under a contract with Cyber Vision Tech Pvt Ltd for the project "Development of Roundup Papers and Coffee Table Book." The project aims to showcase Pakistan's IT industry across five verticals—CRM Implementer, ERP Implementor, Infosec, Communication & Networking Technologies, and GIS Services—to promote investment and enhance export earnings. Payments were made as per agreed milestones of the contract.			
<b>33 FUNDING FOR ESTABLISHMENT OF E-ROZGAR/STPS</b>			
This represents capital expenditure incurred on the establishment and development of the Software Technology Park (STP) at AJK Women University, Bagh.			
	Note	2025 Rupees	2024 Rupees
<b>34 AUDITOR'S REMUNERATION</b>			
Audit fee		575,000	348,638
Taxation services		100,000	70,000
		<u>675,000</u>	<u>418,638</u>
<b>35 TAX</b>			
Current tax:			
- for the year	35.1	14,430,748	41,454,848
- prior year		(336,444)	-
		<u>14,094,304</u>	<u>41,454,848</u>
Deferred taxation		4,833,475	2,210,222
		<u>18,927,779</u>	<u>43,665,070</u>

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35.1 Reconciliation between current tax charged under the Ordinance with current tax recognised in the statement of income and expenditure:

	2025 Rupees	2024 Rupees
Current tax liability for the year as per ordinance	14,430,748	41,454,848
Portion of current tax liability as per tax law, representing income tax under IAS 12	(14,430,748)	(41,454,848)
Portion of current tax liability as per tax law, representing levy under IFRIC 21 / IAS 37	-	-
	<u>-</u>	<u>-</u>

35.2 Reconciliation of tax charge for the year

(Deficit) / surplus before tax	(39,038,578)	241,815,796
Tax on accounting profit at 29% (2024: 29%)	(11,321,188)	70,126,581
Effect of prior years	336,444	(29,737,904)
Tax credit	-	1,066,171
Deferred tax	4,833,475	2,210,222
	<u>(6,151,268)</u>	<u>43,665,070</u>

	Note	2025 Rupees	2024 Rupees
<b>36 ADJUSTMENT FOR NON-CASH INCOME AND EXPENSES:</b>			
Amortisation of deferred grant related to projects	17	(658,583,898)	(358,426,508)
Amortisation of deferred capital grant	18	(6,801,963)	(7,053,936)
Amortisation of deferred grant - in kind	18	(32,944,263)	(31,093,497)
Profit on bank deposits and investments	24	(89,812,194)	(94,229,808)
Depreciation in property and equipment	6	17,870,653	16,368,640
Depreciation on assets related to deferred grant - in kind	18	32,944,263	31,093,497
Depreciation on assets related to projects	7	7,625,410	5,956,638
Gain on disposal of property and equipment	24	(4,554,648)	-
Provision for staff medical facility	25	10,451,405	8,775,531
Provision for staff gratuity	25	20,511,677	19,458,234
Provision for employees' earned leaves	25	3,327,201	3,636,659
Cash flow before working capital changes		<u>(699,966,358)</u>	<u>(405,514,550)</u>
<b>37 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES</b>			
Balance at start of year		1,045,055,155	207,676,750
Restricted grants received		1,841,331,808	1,320,688,339
Expenditures incurred		(658,583,898)	(358,426,508)



	2025 Rupees	2024 Rupees
Restricted grants lapsed	(702,422,702)	(96,907,798)
Funds transferred to Federal Government	-	(10,335,000)
Assets transferred to PSEB	(5,252,407)	(17,640,628)
Balance at end of year	<u>1,520,127,957</u>	<u>1,045,055,155</u>

### 38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration and other benefits to the Chief Executive Officer and Executives of the Company are:

	Chief Executive	Directors	Executives
	----- Rupees -----		
<b>June 30, 2025:</b>			
Salaries	14,203,226	-	82,280,984
Meeting fee	-	1,720,000	-
Company's contribution to staff benefits	-	-	26,479,507
Bonus	-	-	12,915,936
Housing, utilities and others	-	-	58,105,165
Total	<u>14,203,226</u>	<u>1,720,000</u>	<u>179,781,592</u>
No. of persons	<u>1</u>	<u>7</u>	<u>30</u>
<b>June 30, 2024:</b>			
Salaries	-	-	72,378,917
Meeting fee	-	1,180,000	-
Company's contribution to staff benefits	-	-	24,510,520
Bonus	-	-	-
Housing, utilities and others	81,935	-	55,258,364
Total	<u>81,935</u>	<u>1,180,000</u>	<u>152,147,801</u>
No. of persons	<u>1</u>	<u>7</u>	<u>27</u>

38.1 No remuneration was paid to non-executive directors of the Company. *refx*



### 39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies and key management personnel. Details of transactions with related parties have been specifically disclosed in relevant notes to these financial statements.

Following are the related parties with whom the Company had entered into transactions or had agreements and/or arrangements in place during the year:

Name	Relationship	Relationship and basis of relationship	2025 Rupees	2024 Rupees
Pakistan Telecommunication Authority	Associated Company	Common directorship	295,959	318,697
Pakistan Telecommunication Company Limited	Associated Company	Common directorship	3,024,875	2,630,122
National Telecommunication Corporation	Associated Company	Common directorship	121,432	78,669
Abu Bakar	Key management personnel		Nil.	Nil.
Sajid Mahmood Warraich	Key management personnel		Nil.	Nil.
Amir Anzur	Key management personnel		Nil.	Nil.
Muhammad Sulman Hassan	Key management personnel		Nil.	Nil.
Syed Asim Hamza Gillani	Key management personnel		Nil.	Nil.
Shaukat Ali	Key management personnel		Nil.	Nil.
Shahbaz Hameed	Key management personnel		Nil.	Nil.
Amir Ahmad	Key management personnel		Nil.	Nil.

### 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

(ii) **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. The Company is not exposed to commodity price risk.

(iii) **Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing liabilities. The Company's interest rate risk arises from bank balances in saving accounts and short term investment. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2025 Rupees	2024 Rupees
<b>Financial asset</b>		
<b>Fixed rate instruments</b>		
Short term investment	<u>300,000,000</u>	<u>200,000,000</u>
<b>Floating rate instruments</b>		
Bank balances - saving accounts	<u>374,920,632</u>	<u>323,898,954</u>

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of income and expenditure. Therefore, a change in interest rate at the statement of financial position date would not affect the statement of income and expenditure of the Company.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025 Rupees	2024 Rupees
Long term advances	66,437,887	52,525,212
Long term security deposits	1,062,176	1,062,176
Trade debts - considered good	12,068,389	9,943,351



	2025 Rupees	2024 Rupees
Other receivables	3,744,567	9,793,137
Assets relating to PSDP and other projects-restricted funds	25,586,527	9,815,275
Short term investment	300,000,000	200,000,000
Bank balances	374,920,632	323,899,911
	<u>783,820,178</u>	<u>607,039,062</u>

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Outstanding receivable are regularly monitored.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Agency	2025	2024
	Short term	Long term		Rupees	Rupees
<b>Banks</b>					
Bank Alfalah Limited	A1+	AA+	PACRA	145,889,974	110,445,552
Habib Bank Limited	A1+	AAA	VIS	151,913,659	113,677,974
National Bank of Pakistan	A1+	AAA	PACRA	77,116,999	99,776,385
				<u>374,920,632</u>	<u>323,899,911</u>
<b>Short term investment</b>					
National Bank of Pakistan	A1+	AAA	PACRA	300,000,000	200,000,000
<b>Assets relating to PSDP and other projects - restricted funds</b>					
Bank Alfalah Limited	A1+	AA+	PACRA	20,731,450	4,960,198
Habib Bank Limited	A1+	AAA	VIS	4,855,077	4,855,077

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At June 30, 2025, the Company had Rupees 374,920,632/- bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:



Carrying amount	6 month or less
----- Rupees -----	

**Contractual maturities of financial liabilities:**

**As at June 30, 2025:**

**Non-derivative financial liabilities :**

Trade and other payables

287,371,432	287,371,432
-------------	-------------

**As at June 30, 2024:**

**Non-derivative financial liabilities:**

Trade and other payables

54,760,489	54,760,489
------------	------------

**2025**  
**Rupees**

**2024**  
**Rupees**

**41 Financial instruments by categories**

**Financial assets - amortised cost**

Long term advances

66,437,887	52,525,212
------------	------------

Long term security deposits

1,062,176	1,062,176
-----------	-----------

Trade debts - considered good

12,068,389	9,943,351
------------	-----------

Other receivables

3,744,567	20,971,219
-----------	------------

Assets relating to PSDP and other projects

25,586,527	9,815,275
------------	-----------

Short term investment

318,740,339	211,178,082
-------------	-------------

Bank balances

374,920,632	323,899,911
-------------	-------------

802,560,517	629,395,226
-------------	-------------

**Financial liabilities - amortised cost**

Staff benefits

121,731,795	112,659,200
-------------	-------------

Trade and other payables

287,371,432	54,760,489
-------------	------------

409,103,227	167,419,689
-------------	-------------

**42 FUND MANAGEMENT**

The Management's objective when managing fund is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objective, provide benefits for other stakeholders and to maintain a strong fund base to support the sustained development.

**43 RECOGNISED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

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

**(i) Fair value hierarchy**

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in

determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

	2025	2024
	..... Number .....	
<b>44 NUMBER OF EMPLOYEES</b>		
Number of employees at the end of year	128	129
Average number of employees during the year	123	132

#### **45 DISCLOSURES REQUIRED BY PTA**

##### **45.1 Number of subscribers at the end of each month**

Broadband subscribers of the Company at the end of each month ranges from 90 to 98 (2024: 88 to 97).

##### **45.2 Intercity leased bandwidth with identification of terminal points**

	2025	2024
	----- Mbps -----	
Lahore	759	609
Islamabad	1900	1442
Karachi	534	351
Swat	2	22
Faisalabad	45	45
Quetta	5	5
Jamshoro	10	10

##### **45.3 Quality of service reports**

Quarterly quality of service reports have been submitted to PTA in the format prescribed in the license.



**45.4 Presentation of gross profit and operating profit**

Gross profit and operating profit has not been presented in the statement of income and expenditure keeping in view receipts of grants and not-for-profit activities of the Company.

**46 CORRESPONDING FIGURES**


The corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation and classification. However, no reclassification has been made during the year.

**47 DATE OF AUTHORISATION**

These financial statements were authorised for issue on 20<sup>th</sup> October 2025 by the Board of Directors of the Company.

**48 GENERAL**

Figures have been rounded to the nearest Rupee. *noting*



**CHIEF EXECUTIVE**



**DIRECTOR**