Annual Report 2020

Telecard Limited

Our Vision

'To be the quality telecommunications service provider of choice using sound business practices while enhancing the quality of life of the community and providing a strong return for our stakeholders'

Our Mission

Our goal is to be the leading telecommunication service provider in the segment we operate in and to make Telecard a name, which inspires confidence amongst our customers. We will achieve our goal by:

Making this company a customer driven organization providing quality telecommunications product and services which meets and exceed customer expectations.

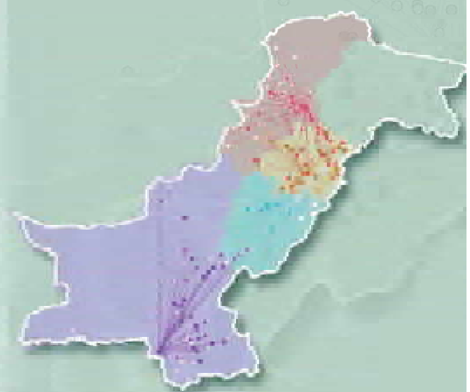
Valuing our employees and providing satisfying, challenging, and rewarding work environment.

Maintaining mutually beneficial relations with our business partners.

Instilling pride of ownership and becoming financially rewarding investment for our stakeholders.

We are a responsible corporate citizen which desires to add value to the community.

Our Strategy



To provide best in class service and support to our customers

By leveraging our network, technical expertise, and passion for providing service and support to become the operator of choice for our customers.

Company Information

Board of Directors	Mr. Pervez Sadiq (Chairman) Syed Aamir Hussain (CEO) Mr. Tipu Saeed Khan Mr. Waseem Ahmad Syed Hashim Ali Mr. Muhammad Asim Mr. Asad Mujtaba Naqvi
Board Audit Committee	Mr. Tipu Saeed Khan (Chairman) Mr. S.M. Pervez Sadiq Mr. Asad Mujtaba Naqvi
Human Resource & Remuneration Committee	Mr. Muhammad Asim (Chairman) Syed Aamir Hussain Mr. Asad Mujtaba Naqvi
Chief Executive Officer	Syed Aamir Hussain
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Syed Hashim Ali
Company Secretary	Mr. Waseem Ahmad
Banks	Habib Metropolitan Bank Ltd National Bank of Pakistan Silk Bank Limited Summit Bank Habib Bank Limited
Registrar and Share Transfer Office	Jwaffs Registrar Services (Pvt.) Ltd. 407-408, 4th Floor, Al Ameera Centre Sharah-e-Iraq Karachi
Registered Office	3rd Floor, 75 East, Blue Area, Fazal-ul-Haq Road, Islamabad Pakistan
Corporate Office	7th Floor, World Trade Center, 10- Khayaban-e-Roomi, Clifton, Karachi Pakistan

Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the shareholders of the Company will be held on 28 October 2020 at 1100 hours, at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad to transact the following business.

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 28 October 2019.

2. To receive, consider and adopt Annual Audited Financial Statement of the Company together with the Directors and the Auditors' report thereon for the year ended 30 June 2020, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended 30 June 2020.

3. To appoint external auditors of the Company for the year ended 30 June 2021 and fix their remuneration present Auditors M/s Parker Randall-A.J.S., Chartered Accountants are retiring and being eligible offer themselves for reappointment.

4. To transact any other business with the permission of the Chair.

By order of the Board

Waseem Ahmad
Company Secretary

Notes

06 October, 2020

1. The Members Register will remain closed from the 22 October 2020 to 28 October 2020 (both days inclusive). Transfer received in order by Shares Registrar, Jwaffs Registrar Services (Pvt.) Limited, 407-408, 4th Floor, Al Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business on 21 October 2020 will be considered in time for attending the meeting.

2. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her. Proxies in-order must be received, during business hours, at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity Cards (CNIC) along with their CDC Account Number for verification. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

4. For attending the meeting and appointing proxies CDC account holder will further have to follow the guidelines as laid down in Circular 01 dated 26 January 2000 issued by the SECP.

5. Shareholders are requested to notify the Registrar as aforesaid of any change in their address.

6. Members who are holding share in physical folios are requested to submit a copy of their CNIC at the office of our Registrar.

Directors' Report

The Board of Directors of Telecard Limited are pleased to present the Annual Report, Audited Financial Statements and review of your Company's performance for the year ended 30 June, 2020.

Review of Current Operations

The revenue for the year ended 30 June 2020 was Rs. 1.183 billion as against the revenue of Rs. 1.091 billion for the corresponding financial year. The overall increase in revenue is attributable to the improvement in other revenue streams and the Long Distance International (LDI) segment, with improvement in exchange rate. The Company posted a Gross Profit of Rs. 528.289 million as compared to a Gross Profit of Rs. 439.558 million in 2019. Direct cost of your Company was slightly higher when compared with similar preceding financial year due to the foregoing reasons.

The administrative and distribution cost was higher when compared with the corresponding financial year mainly due to increment in salaries and increase in rental expense. Finance cost for the year under review was 55% higher when compared with the preceding financial year due to prevalent discount rate and implementation of IFRS-16 'Leases'. The Company has posted a loss before taxation for Rs. (74.594) million against a loss before taxation of Rs. (14.245) million during the corresponding financial year. The loss per share stood at Rs. (0.36) compared to a loss of Rs. (0.20) last time.

On a consolidated basis the total revenue was Rs. 3.910 billion compared to Rs. 4.224 billion in the preceding financial year resulting in a Gross Profit of Rs. 1.199 billion as opposed to a Gross Profit of Rs. 1.008 billion last year. The Operating Profit stood at Rs. 322.320 million compared to an Operating Profit of Rs. 369.030 million in the comparative time frame, consequently, a Net Loss of Rs. (75.133) million was reported against a Net Loss of Rs. (22.965) million last year.

Corporate Strategy and Future Outlook

Within the last few years, owing to intense competition in the telecom industry, your Company has made inroads in the Enterprise Solutions Market Segment (ES). The Company is pleased to report that it has made 7% growth on a year-on-year basis in this segment, which is mainly attributable to inclusion of new corporate customers and more products lines to cater to various niches in the Enterprise Market Segment. This will remain the focus of the Company in the next 12-24 months.

Efforts are underway to aggressively addressing cost reductions, including considerable restructuring around outsourcing and controlled headcount. The business will continue its focus on delivering value to its stakeholders through addition of more profitable and varied product lines in the Enterprise Segment.

Subsidiary Companies

Supernet Limited posted revenue of Rs. 2.559 billion as compared to Rs. 2.866 billion in 2019. Net Profit after taxation stood at Rs. 20.585 million for the year, in comparison with preceding year's profit of Rs. 39.937 million. The decrease in net profit is attributable to the increase in taxation.

During the year, Supernet E Solutions (Pvt.) Limited posted revenue of Rs. 148.766 million and Gross profit of Rs. 37.752 million as compared to Rs. 272.635 million Revenue and Gross Profit Rs. 55.592 million in the preceding financial year. The subsidiaries of the Company, Telegateway Limited, Nexus Communication (Pvt.) Limited, Globetech Communication (Pvt.) Limited, Glitz Communication (Pvt.) Limited are in the process of being wound-up and no commercial activities were undertaken for the

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year under review. During the year Supernet Secure Solutions (Pvt.) Ltd. posted revenue of Rs. 8,587 million and gross profit of Rs. 3,405 million. Phoenix Global FZC is a trading company incorporated with the Hamriyah Free Zone Authority Sharjah, posted revenue of AED 791,293 and gross profit of AED 457,261.

Non-Executive Director Remuneration Policy

The Company is currently reviewing the remuneration policy for its Non-Executive Directors, and the same shall be in place from the ensuing financial year.

Listed Companies (Code of Corporate Governance) Regulations, 2019

The Code of Corporate Governance has envisaged a number of significant changes to establish business and ethical norms both locally and internationally, the company is in the process to take concrete steps for compliance with the Code.

Risk Management

The Company believes that risk management is an essential part of any organization to foresee, comprehend analyze and take appropriate measures to mitigate any potential risk. The Company has established a policy to foresee any such happening, with sound practice in place.

Impact of Business on Environment

The Company is in the business of providing telecommunication services, and does not have any toxic or hazardous waste at its disposal. However, environmentally, we as a Company, lay emphasis on reduced consumption of resources, with maximum output to all employees.

Corporate and Social Responsibility

During the year under review the Company did not undertake any social responsibility activity.

Transfer Pricing

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the Stock Exchange.

Directors Declaration on Corporate and Financial Reporting Framework

The Directors confirm compliance with the corporate and financial framework of the Code of Corporate Governance for the following:

i. The financial statements prepared by the management of Telecard Limited presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.

ii. Proper books of accounts of Telecard Limited have been maintained.

iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v. The system of internal control is sound in design and has been effectively implemented and monitored.

vi. There is no doubt at all upon Telecard's ability to continue as a going concern.

vii. The values of investments in employee retirement funds based on the unaudited accounts as of June 30, 2020 is Rs. 89 million of Staff Provident Fund.

viii. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

Other Information

i. Key operating and financial data for the last six years in summarized form is given.

ii. There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in the Financial Statements.

During the year under review, four (4) Boards of Directors meetings were held:

S. No.	Name	Category
1	Shams ul Arfeen	Non-Executive Director
2	Hissan ul Arfeen	Non-Executive Director
3	Tipu Saeed Khan	Non-Executive Director
4	Syed Muhammad Pervez Sadiq	Non-Executive Director
5	Syed Aamir Hussain	Executive Director
6	Syed Hashim Ali	Executive Director
7	Waseem Ahmad	Executive Director

*No Independent Director on the Board
**No Female Representation on the Board

During the year, four (4) Boards Audit Committee meetings were held, names of members as follows:

Names
Tipu Saeed Khan
Shams ul Arfeen
S.M. Pervez Sadiq

Leave of absence was granted to the members not attending the Board Meeting.

Consolidated Financial Statements

Consolidated Financial Statements of the Company as on 30 June, 2020 are annexed.

Auditors

The present auditors, Parker Randall-A.J.S. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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Dividends

In view of the reported losses, the Company is not in a position to declare dividend.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2020 is annexed to this report.

Staff

We would like to put on record the appreciation for all staff whose dedication and commitment continue to be real asset for your Company. We sincerely thank them for their untiring effort throughout the year, and value their association.

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

Chairman's Review Report

Introduction

The leadership and effectiveness of the Board are primarily the Chairman's responsibility. We recognize the importance of, and are committed to, high standards of corporate governance, aligned with the needs of the company and the interests of all our stakeholders. My fellow directors and I fully appreciate the importance of sound governance in the efficient running of the company, and in particular to the effectiveness of the Board and the management of risks faced by the group.

Financial Performance

I am pleased to report the performance of Telecard Limited and its subsidiaries (the group) for the financial year ended 30 June 2020. The times are competitive and the Company operates amidst intense competition within the Telecom Industry. The revenue posted for the year ended 30 June, 2020 was Rs. 1.183 billion as compared to Rs. 1.091 billion for the preceding financial year. The increase in other revenue streams along with the improvement of rates in the Long Distance International (LDI) segment, coupled with dollar parity appreciation is attributable to the enhanced revenue. On a consolidated basis the Company posted revenue of Rs. 3.910 billion as compared to 4.223 billion in the preceding financial year, the operating profit was reported at Rs. 322 million, as compared to Rs. 369 million for the corresponding time frame.

Composition of the Board

The Company during the period under review inducted two members on the Board after a casual vacancy occurred in accordance with the Companies Act, 2017. The current composition of the Board is a varied mix of rich experience in the field of business, finance and compliances. The Board is responsible for providing strategic directions to the management, and execution thereof is diligently done by the management of the Company.

Board Committees

The Board is assisted by the Committees, the Audit Committee reviews the financial statements, and ensures that the accounts present clear and precise financial position of the Company. The Human Resource Committee oversee the HR policy, its implementation, and most importantly succession planning.

Financial Reporting

The Board acknowledges its responsibility to present a fair, balanced and understandable assessment of the company's position and prospects. To ensure consistency of reporting, the group has an established consolidation process as well as formal financial and operational procedures manuals. Management monitors the publication of new reporting standards and works closely with the statutory auditors in evaluating the impact of these standards.

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Internal control

The Board of Directors, being ultimately responsible for the group's system of internal control, has established an internal financial control structure which is designed to provide the Board with reasonable, but not absolute, assurance that it can rely on the accuracy and reliability of the financial records. The internal control structure is primarily based on Financial Reporting, Operating Controls, Treasury, Internal Audit and Employees Integrity.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the 12 months from the date of approval of this statement. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Syed Muhammad Pervez Sadiq
Chairman

30 September, 2020

Six Year Financial Summary
Financial Analysis

	June 2020 Rupees in '000'	June 2019 Rupees in '000'	June 2018 Rupees in '000'	June 2017 Rupees in '000'	June 2016 Rupees in '000'	June 2015 Rupees in '000'
REVENUE- Net	1,183,279	1,091,181	877,852	986,873	1,004,902	1,055,999
Direct Cost	(654,990)	(651,623)	(558,354)	(764,864)	(855,093)	(778,823)
Gross Profit	**528,289**	**439,558**	**319,498**	**222,009**	**149,809**	**277,176**
Distribution costs & administrative expenses	(331,664)	(273,440)	(858,010)	(248,291)	(352,195)	(272,885)
Other operating expenses	(179,111)	(265,235)	-	-	(14,719)	(14,508)
Other operating income	30,295	163,911	501,094	17,058	409,147	148,103
Liabilities no longer payable written back	-	-	-	-	-	-
	(480,480)	(374,764)	(356,916)	(231,233)	42,233	(139,290)
Operating (loss) / Profit	**47,809**	**64,794**	**(37,418)**	**(9,224)**	**192,042**	**137,886**
Financial costs	(122,403)	(79,039)	(56,801)	(61,420)	(50,321)	(161,353)
(Loss) / Profit before taxation	**(74,594)**	**(14,245)**	**(94,219)**	**(70,644)**	**141,721**	**(23,467)**
Taxation	(34,694)	(46,224)	(34,468)	(20,359)	(91,615)	(15,198)
(Loss) / Profit after taxation	**(109,288)**	**(60,469)**	**(128,687)**	**(91,003)**	**50,106**	**(38,665)**
Other comprehensive income/(loss)	-		(1,965)			
Accumulated (Loss)/Profit b/f	(434,265)	(373,796)	(243,144)	(152,141)	(202,247)	(163,582)
	(543,553)	**(434,265)**	**(373,796)**	**(243,144)**	**(152,141)**	**(202,247)**
(Loss) / Earning per share (Rupees)	(0.36)	(0.20)	(0.43)	(0.30)	0.17	(0.13)

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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
TELECARD LIMITED
For the year ended 30 June, 2020

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 07 as per the following:

    a) Male: 07
    b) Female: None

2. The Composition of Board is as follows:

Category	Names
*Independent Director	None
Non-Executive Director	Syed Mohammad Pervez Sadiq
	Mr. Tipu Saeed Khan
	Mr. Asad Mujtaba Naqvi
**Executive Directors	Syed Aamir Hussain
	Mr. Waseem Ahmad
	Syed Hashim Ali
	Mr. Muhammad Asim
***Female Director	None

*The Company shall reconstitute its Board in the current financial year, and the induction of an Independent Director on the Board, shall be achieved accordingly.
**The number of Executive Directors on the Board exceeds the limit prescribed by the Regulations, However, the induction of Independent Director on the Board shall address this non-compliance.
***Reconstitution of the Board in the current financial year will address this matter.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and

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the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has so far arranged, Directors' Training Program for the following:

Name	Designation
Mr. Waseem Ahmad	Executive Director
Syed Hashim Ali	Executive Director

- This year no Directors Training Program was attended by any Director, due to the outbreak of Pandemic Covid-19.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. CFO and CEO duly endorsed the financial statements before approval of the board;

12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Tipu Saeed Khan-Chairman
	Mr. S.M. Pervez Sadiq-Member
	Mr. Asad Mujtaba Naqvi-Member

Human Resource & Remuneration Committee	Mr. Muhammad Asim -Chairman
	Syed Aamir Hussain-Member
	Mr. Asad Mujtaba Naqvi-Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Board of Directors Meeting	04
Board Audit Committee	04
Human Resource & Remuneration Committee	01

15 The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on

code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18 We have been compliant with the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 except Regulation No. 27 (ii) which pertains to the Chairman of Audit Committee, the same shall be address with the induction of an Independent Director on the Board.

Syed Muhammad Pervez Sadiq
Chairman

Date: 30 September, 2020

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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URL: www.parkerrandallajs.pk
URL: www.parkerrandall.com
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Independent Auditor's Report

To the members of Telecard Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Telecard Limited** (the Company), which comprise the statement of financial position as at June 30, 2020, and the 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, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of 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, 2020 and of the loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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Emphasis of Matter

We further draw attention to the contents of:

i. note 15.2 (a) to the accompanying unconsolidated financial statements in respect of the lawsuit filed by the Company during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made for the remaining sum of Rs. 325.771 million in the accompanying unconsolidated financial statements.

ii. note 15.2 (b) to the accompanying financial statements with regard to a lawsuit filed by the PTCL against the Company during the year ended June 30, 2002. Pending a final decision, the Company has not made any provision in the accompanying unconsolidated financial statements for the amount claimed by the PTCL;

iii. note 15.3 to the accompanying unconsolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,556.589 million in the accompanying unconsolidated financial statements; and

iv. notes 26.1 to 26.10 to the accompanying unconsolidated financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying unconsolidated financial statements for any liability that may arise there from;

Our opinion is not qualified in respect of the above matters.

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.

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Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit

1. First time adoption of IFRS 16 – Leases

The Company has adopted IFRS-16 with effect from July 01, 2019 as referred to in note 3.1 to the unconsolidated financial statements. The new accounting standard fundamentally changed the lease accounting as compared to IAS-17 whereby a single on-balance sheet lease accounting model is introduced for lessee to recognize a right-of-use asset and a corresponding lease liability (with certain exceptions). For application of the new accounting standards, a number of technical consideration, complexities and practical challenges are involved particularly in determination of lease terms and discount rate where management is required to exercise significant judgements and assumptions. Management is also required to assess optional periods (extension and termination option) in this respect. Due to fundamental change in accounting model, significance of judgement involved and time allocated to obtain sufficient appropriate audit evidence, we consider first time adoption of IFRS-16 as a key audit matter.	Our audit procedures included, but were not limited to, the following: • Review of lease agreements of the Company to assess non-cancellable lease periods related to recognition of right-of-use assets and corresponding lease liabilities. • Review of calculation of right-of-use assets and related lease liabilities. • Review of management's assessment and judgement used in determination of incremental borrowing rate. • Assessment of the adequacy of disclosures made in the unconsolidated financial statements regarding first time adoption of IFRS 16 'Leases'. We further reviewed the first time application of IFRS 16 in accordance with specific transitional provisions of the said standard as at July 01, 2019.

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2. Provisions and contingencies

There are a number of threatened and actual legal, regulatory and tax cases against the Company. The contingencies requires management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the unconsolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.	Our key audit procedures includes: • Testing key controls surrounding litigations, regulatory and tax procedures & assessing management's procedures in respect of accounting for changes in case status, if any, in unconsolidated financial statements. • Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status and involving internal tax experts to assess and validate management's conclusion. • We further reviewed subsequent Company's correspondence and evaluated completeness, sufficiency and adequacy of related disclosures as refer to in notes 15.2 to 15.7, 22.2.1 & 26.1 to 26.10 to the accompanying unconsolidated financial statements.

3. Revenue recognition

There is an inherent risk in respect of the accuracy of revenue recorded due to the complex billing system that involves processing a large volume of data. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over the underlying accuracy of billing systems and presumed risk of fraud.	Our audit approach includes a combination of test of controls, substantive analytical and substantive procedures (test of details) covering in particular: • Evaluation of management information system, the design of controls and assessing its operating effectiveness. • Authorisation of slab rates and reports of call record for incoming international / local traffic. • Comparison of incoming traffic to traffic terminated on mobile / fixed operator. • Input of the above records into billing system and recalculation of amounts billed to customers. We also tested a sample of bills and checked these to supporting documents (contracts, slab rates, call detail record report etc.,) for both international and local customers.

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

The 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 requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

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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.

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 financial statements of the current period and are therefore

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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 deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in independent auditors' report is Hina Kazi.

Parker Randall AJS

Chartered Accountants
PERS

Date: 02 OCT 2020
Karachi.

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019 (Restated)	July 01, 2018 (Restated)
		---------- (Rupees in '000') ----------		
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Property and equipment	5	**453,583**	505,300	556,648
Intangible assets	6	**7,949**	9,903	11,857
Right-of-use assets	7	**58,727**	-	-
		520,259	515,203	568,505
Long-term investments	8	**340,537**	340,537	340,537
Long-term deposits	9	**57,613**	53,912	54,296
Deferred taxation	10	**302,762**	302,762	302,762
		1,221,171	1,212,414	1,266,100
CURRENT ASSETS				
Trade debts	11	**351,054**	325,408	650,373
Loans and advances	12	**58,098**	45,083	42,873
Deposits and prepayments	13	**37,652**	28,209	21,248
Accrued mark-up / profit	14	**27,029**	24,793	23,234
Other receivables	15	**2,525,648**	2,708,533	2,603,603
Taxation – net	16	**137,346**	132,067	132,960
Bank balances	17	**23,018**	22,503	16,228
		3,159,845	3,286,596	3,490,519
TOTAL ASSETS		**4,381,016**	4,499,010	4,756,619

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

PRAYS

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019 (Restated)	July 01, 2018 (Restated)
		---------- (Rupees in '000') ----------		
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital authorised				
400,000,000 (2019: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000	4,000,000
Capital reserves				
Issued, subscribed and paid-up capital	18	**3,000,000**	3,000,000	3,000,000
Accumulated loss		**(930,931)**	(821,643)	(739,596)
		2,069,069	2,178,357	2,260,404
NON-CURRENT LIABILITIES				
Long-term financing	19	**84,494**	165,649	441,719
Contractual liability to a contractor	20	**336,870**	337,900	344,080
Lease liabilities	21	**40,144**	-	-
Long term deposit		-	-	34,874
Deferred liabilities	22	**5,585**	5,147	5,121
		467,093	508,696	825,794
CURRENT LIABILITIES				
Trade and other payables	23	**819,027**	940,662	1,133,208
Unclaimed dividend		**4,394**	4,394	4,394
Current portion of lease liabilities	21	**22,001**	-	-
Accrued interest / mark-up	24	**239,122**	150,746	92,734
Short-term financing	25	**760,310**	716,155	440,085
		1,844,854	1,811,957	1,670,421
Contingencies & commitments	26			
TOTAL EQUITY AND LIABILITIES		**4,381,016**	4,499,010	4,756,619

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

PRAYS

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

TELECARD LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
Revenue - net	27	1,183,279	1,091,181
Direct costs	28	(654,990)	(651,623)
Gross profit		528,289	439,558
Administrative expenses & distribution costs	29	(331,664)	(273,440)
Other expenses	30	(179,111)	(265,235)
Other income	31	30,295	163,911
		(480,480)	(374,764)
Operating profit		47,809	64,794
Finance costs	32	(122,403)	(79,039)
Loss before taxation		(74,594)	(14,245)
Taxation	33	(34,694)	(46,224)
Net loss for the year		(109,288)	(60,469)
Loss per share - basic & diluted (Rupees)	34	(0.36)	(0.20)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	
Net loss for the year	(109,288)	(60,469)
Other comprehensive income	-	-
Total comprehensive loss	**(109,288)**	(60,469)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY - RESTATED
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	---- (Rupees in '000') ----		
Balance as at July 01, 2018 - as previously stated	**3,000,000**	**(761,293)**	**2,238,707**
Impact of restatement - correction of prior period error (refer note 4.28)	-	21,697	21,697
Balance as at July 01, 2018 - as restated	**3,000,000**	**(739,596)**	**2,260,404**
Adjustment on initial application of IFRS 9 for expected credit losses as at July 01, 2018	-	(21,578)	(21,578)
	3,000,000	**(761,174)**	**2,238,826**
Net loss for the year	-	(60,469)	(60,469)
Other comprehensive loss	-	-	-
Total comprehensive loss for the year		(60,469)	(60,469)
Balance as at June 30, 2019 - as restated	**3,000,000**	**(821,643)**	**2,178,357**
Net loss for the year	-	(109,288)	(109,288)
Other comprehensive loss	-	-	-
Total comprehensive loss for the year	-	**(109,288)**	**(109,288)**
Balance as at June 30, 2020	**3,000,000**	**(930,931)**	**2,069,069**

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	115,109	74,499
Income tax paid		(39,970)	(45,331)
Finance costs paid		(10,200)	(17,363)
Retirement benefits paid		-	(416)
Long-term deposits		(3,701)	384
Net cash generated from operating activities		61,238	11,773
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(5,480)	(7,195)
Proceeds from disposal of long-term investment		-	100
Proceeds from disposal of property, plant and equipment		-	1,597
Net cash used in investing activities		(5,480)	(5,498)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principles of diminishing musharakah		(12,000)	-
Upfront payment made on restructuring of diminishing musharakah		(25,000)	-
Lease rentals against right-of-use assets		(18,243)	-
Net cash used in financing activities		(55,243)	-
Net increase in cash and cash equivalents		515	6,275
Cash and cash equivalents at the beginning of the year		22,503	16,228
Cash and cash equivalents at the end of the year	17	23,018	22,503

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

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

TELECARD LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. THE COMPANY AND ITS OPERATIONS

Telecard Limited (the Company) was incorporated in Pakistan on October 29, 1992 as a public limited company and registered under the Companies Ordinance, 1984 (the Ordinance), [Repealed with the enactment of Companies Act, 2017] . The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company itself and through its subsidiaries is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones.

The registered office of the Company is located at World Trade Centre 75-East Blue Area, Fazal-ul-Haq road, Islamabad. The principal place of business of the Company is located at World Trade Centre, 10- Khayaban-e-Roomi, Clifton, Karachi while the site office is situated at B-1, SITE area, Manghopir road, Karachi.

The regional offices of the Company are situated at the following:

- House no. 1 White House Lane near Aitchison College, Sundreas Road, Zaman Park, Lahore.
- Near Guttwala Bridge Sheikhupura Road, Faisalabad.
- 4th Floor, Evacuee Trust Property Board Building Opposite PTCL DeraAdda Exchange Multan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) 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 financial statements are the separate financial statements of the Company in which investment in subsidiaries are reported on the basis of cost less impairment losses (if any).

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

Items included in the unconsolidated financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs), which is the Company's functional and presentation currency.

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2.4 Standards, interpretations and amendments to approved accounting standards

2.4.1 Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted by the Company.

The following standards, interpretations and amendments to published accounting standards would be effective from the dates mentioned below against the respective standards or amendments:

Standards/ amendments/ interpretations		**Effective date (accounting periods beginning on or after)**
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1/IAS 8	Definition of Material (Amendments)	January 01, 2022
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)	January 01,2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)*	January 01, 2022
IAS 16	Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

The Company expects that the above amendment will not have any significant impact on the Company's unconsolidated financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards	
IFRS 1	First time adoption of IFRSs
IFRS 17	Insurance Contracts

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

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2.4.2 Standards, amendments and interpretations adopted during the year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current years:

2.4.3 New and amended standards

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above amendments to accounting standards did not have any effect on the financial statement expect for the adoption of IFRS 16 'Leases'. The detailed impact of the these standards are set forth in note 3 to the financial statements.

2.5 Significant accounting estimates and judgments

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

In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 5 & 6
Provision for doubtful debts and other receivables	4.9
Recognition of tax and deferred tax	4.6, 10, 16 & 33
Contractual liability to a contractor	20
Other provisions and contingent liabilities	4.24 & 26
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	4.20, 7 & 21
Provision for employees benefits	4.17 & 22.1

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3. CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS-16 'Leases' to the Company's unconsolidated financial statements.

3.1 IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases is removed and all lease contracts, with limited exceptions will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

IFRS 16 'Leases' became effective for annual periods beginning on or after January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 434(I)/2018 dated April 09, 2018 which has been fully adopted by the Company during the reporting period.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 01, 2019. The Company recognised mainly its Base Transceiver Station (BTS) sites having lease-term of more than 12 months.

The Company has adopted modified retrospective approach in accordance with specific transitional provision of IFRS-16 and has not restated comparative information.

The Company has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties (rented premises) that have a lease-term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over their lease terms.

3.1.1 The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	Note	July 01, 2019 Rs in '000'
Incremental borrowing rate is 15% as at July 01, 2019		
Present value of lease liabilities against right of use assets		80,388
Add: Lease prepayments		3,150
Right of use assets		83,538

The impact of adoption of IFRS 16 as at July 01, 2019 (increase / (decrease)) is as follows:

	Note	
Assets		
Right-of-use assets	7	83,538
Total assets as at July 01, 2019		83,538
Liabilities		
Lease liabilities		62,145
Current portion of lease liabilities		18,243
Total lease liabilities as at July 01, 2019	21.1	80,388

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	Note	July 01, 2019 Rs in '000'
The impact of adoption of IFRS 16 for the year ended June 30, 2020 is as follows:		
Statement of profit or loss		
Depreciation charge on right-of-use assets	7	24,811
Interest expense on lease liabilities	21.1	10,200

4. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years except for a change in respect of recognition and measurement of leases under the principals of IFRS-16 as disclosed in note 3 above.

4.1 Fixed assets

4.1.1 Property and equipment

Operating fixed assets - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land, which is stated at cost less impairment loss, if any.

Subsequent costs, if reliably measureable, 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 cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to profit or loss account during the period in which they are incurred.

Depreciation is charged to profit or loss account by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written-off over its estimated useful life at the rates specified in note 5 to these unconsolidated financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment loss, if any, or its reversal, is also charged to profit or loss account for the year. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion, respectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset (calculated as the difference between the sale proceeds and the carrying amount of the asset) is recognised in profit or loss for the year.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, installation and acquisition. These are transferred to specific assets as and when these assets are available for intended use.

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4.1.2 **Intangible assets and amortisation**

The costs of licenses and spectrums to provide telecommunication services are classified as intangible assets. These are stated at cost less accumulated amortisation and impairment, if any. These are amortised over the period of license commencing from the date when the license / spectrum is available for intended use i.e. the date when it is in the condition necessary for it to be capable of operating in the manner intended by management.

4.2 **Right of use asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use assets are subject to annual impairment review in accordance with IAS 36 "Impairment of assets"

4.3 **Investments**

Subsidiary companies

Investment in subsidiaries, where the Company has control, are measured at cost less impairment, if any, in the Company's financial statements. The profits or losses of subsidiaries are carried in the financial statements of the respective subsidiaries, and are not dealt with the financial statements of the Company, except to the extent of dividends, if any, declared by these subsidiaries.

4.4 **Trade debts and other receivables**

These are recognised and carried at original invoice amount less an loss allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written-off when identified.

4.5 **Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

4.6 **Taxation**

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted as at reporting date. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

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Deferred

Deferred tax is recognised, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise balance with banks only.

4.8 Trade and other payables

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

4.9 Provisions

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

4.10 Financial instruments

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.

4.10.1 Initial measurement of financial assets

The Company classified its financial assets into the following categories:

a) at fair value through other comprehensive income (FVTOCI).
b) at fair value through profit or loss (FVTPL); and
c) at amortised cost

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. 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. Except for trade receivables which are measured at the transaction price determined under IFRS 15 "Revenue from contracts with customers".

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Financial assets are classified and measured at fair value through other comprehensive income (FVTOCI) or amortised cost, if both of the following conditions are met:

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and; (Business Model test)

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principle and Interest thereon. (SPPI test)

For purchase or sales of financial assets, the Company uses trade date basis of accounting i.e. the date that the Company commits to purchase or sell the asset.

4.10.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

The Company measures its financial assets at amortised cost if Business Model test & SPPI test is passed. These assets are subsequently measured at amortised cost using Effective Interest Rate (EIR) method and are subject to impairment as at each reporting date. Gains / losses are recognised in the statement of profit or loss when the asset is derecognised / retired / modified.

b) Financial assets at fair value through other comprehensive income (FVTOCI) (Equity Instruments).

Upon initial recognition, an entity may make an irrevocable election to classify its equity investments at FVTOCI that are not held for trading purpose. Subsequent changes in the fair value of an equity investment are presented in other comprehensive income which are never reclassified to the statement of profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

c) Financial asset at fair value through profit or loss (FVTPL)

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. 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 amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

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4.11 Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.12 Financial liabilities

Financial liabilities are initially recognised as financial liability at fair value through profit or loss or at amortised cost using Effective Interest Rate (EIR) method as appropriate. Financial liabilities are initially recognised at fair value net of directly attributable transaction cost in case of loans, borrowings and payables. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are subsequently measured at amortised cost using the EIR method.

4.13 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the EIR methodology. The EIR amortisation is included in finance cost in these unconsolidated financial statements.

4.14 Derecognition of financial liabilities

Derecognition of financial liabilities occurs from the unconsolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss as other income or finance costs.

4.15 Offsetting financial assets and financial liabilities

Financial asset and financial liability are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.16 Loss allowance for ECL / impairment

Financial assets

The Company assesses on a forward-looking basis the Expected Credit Losses (ECLs) associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk from the date of initial recognition of a financial asset.

For trade receivables, the Company applies 'simplified approach' as permitted by IFRS 9, which requires expected lifetime credit losses to be recognised at initial recognition and throughout the life of the receivables at an amount equal to lifetime ECLs. Loss allowances are recognised in the statement of profit or loss as at reporting date.

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Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. An asset's recoverable amount is the higher of its fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment as at each reporting date. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss, or the reversal of an impairment loss, are both recognised in the unconsolidated statement of profit or loss.

4.17 Employees' retirement benefits

Defined benefit plan

The Company operated an unfunded gratuity scheme for its employees upto March 31, 2008. Provision has been made to cover the obligation in accordance with the actuarial valuation using " Projected Unit Credit Method ". The scheme was replaced by recognised provident fund scheme effective from April 01, 2008.

Defined contribution plan

The Company operates a recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at 8.33% of basic salary.

4.18 Foreign currency translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing as at each reporting date. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to the unconsolidated statement of profit or loss.

4.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.20 Lease liability against ROU assets

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a non-cancellable period of 12 months or less) and leases of low value assets. For short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

4.21 Revenue

The Company recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Company's accounting policies with respect to its revenue recognition which are as follows:

- Revenue from enterprise sale services is recognised on an accrual basis and at the time the call is terminated over the Company's network in case of local incoming calls.
- Revenue from termination of minutes is recognised at the time the call is terminated over the Company's network in case of international incoming calls.
- In case of sharing arrangements with local operators, proportionate share is recognised at the time of termination of calls on designated operator's network.
- Return on bank balances is accrued using an effective interest rate method.

4.22 Interconnect charges and liability

Interconnect charges are booked as liability on the basis of corresponding bills from interconnect partners except for the cases where management believes, based on its information system and records, that interconnect charges are over billed by the interconnect partners, in which case the liability is recorded on the basis of the Company's information system and records.

4.23 Dividend and other appropriation of reserves

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

4.24 Other provisions and contingent liabilities

The management applies judgment in measuring and recognising provisions and the Company's exposures to contingent liabilities related to pending litigation and claims. Judgment is necessary in assessing the probability that a pending claim will succeed, or a liability will arise, and to quantify the possible range of financial settlement. Because of inherent uncertainty in this evaluation process, actual outcome may be different from the estimated provisions.

PRADS

4.25 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

4.26 Related party transactions

Related parties comprises of parent company, major shareholders, associated companies with or without common directorship, other companies with common directorship, retirement benefit fund, directors, key management personnel and their close family members. Contribution to defined contribution plan (providend fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their term of engagements. Transactions with other related parties are entered into at rates negotiated with them (agreed terms).

Following are the related parties of the Company:

Names of related party	Basis of relationship	(%) of shareholding
Supernet Limited	Fully owned subsidiary	100%
Supernet E-Solutions (Private) Limited	Subsidiary company *(Indirect)*	100%
Supernet Secure Solutions	Subsidiary company *(Indirect)*	80%
Phoenix Global ZSE	Subsidiary company *(Indirect)*	100%
Telegateway Limited	Fully owned subsidiary	100%
Nexus Communication (Private) Limited	Fully owned subsidiary	100%
Glitz Communication (Private) Limited	Fully owned subsidiary	100%
Globetech Communication (Private) Limited	Fully owned subsidiary	100%
Shams ul Arfeen	Key management personnel	-
Syed Aamir Hussain	Key management personnel	-
Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Mr. Mudabbir Hussain	Key management personnel	-
Syed Muhammad Asim	Key management personnel	-

4.27 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

PRAYS

4.28 Correction of prior period error

During the year, the Company identified that charges on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY-2017 paid under protest, matter of which is pending settlement from PTA as fully mentioned in note 22.2.1 has been inadvertently expenses out in the statement of profit or loss in contradiction with the position taken by the Company. As a result, the accounting treatment resulted in overstatement of loss of the year and understatement of its receivables from Pakistan Telecommunication Authority (PTA).

Accordingly, the Company has accounted for the correction of error retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and has restated its comparative information during the year by adjusting opening balance of its retained earnings and assets respectively. The change resulted in a decrease in accumulated loss and an increase in other receivables by Rs. 21.697 million respectively.

The adjustment of prior period error has been made by restating each of the affected financial statement line items for the prior period as follows:

	As at June 30, 2018			As at June 30, 2019		
	As previously reported	Increase/ (decrease)	As restated 2018	As previously reported	Increase/ (decrease)	As restated 2019
	Rs.'000'					
Effect on statement of changes in equity:						
Accumulated losses	761,293	(21,697)	739,596	843,340	(21,697)	821,643
Effect on statement of statement of financial position:						
Other receivables	2,581,906	21,697	2,603,603	2,686,836	21,697	2,708,533

	For the year ended June 30, 2018		
	As previously reported	Increase/ (decrease)	As restated 2018
	Rs. '000'		
Effect on statement of profit or loss:			
Loss before tax	(94,219)	21,697	(72,522)
Taxation	(34,468)	-	(34,468)
Loss after tax	(128,687)	21,697	(106,990)
Loss per share	(0.43)	0.07	(0.36)

* The change did not have any impact on the reported operating, investing or financing cashflows of the Company.

PRAGS

5. PROPERTY AND EQUIPMENT

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
Operating fixed assets - owned	5.1	453,583	505,300

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals during the year	As at June 30, 2020	as at June 30, 2020	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	5.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	561	31	-	592	33	5%
Apparatus & equipment	5.1.2	6,185,070	4,592	-	6,189,662	5,695,211	55,955	-	5,751,166	438,496	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & equipment		49,776	164	-	49,940	45,968	538	-	46,506	3,434	10%
Computers & accessories		70,660	724	-	71,384	69,849	553	-	70,402	982	33%
Vehicles		26,175	-	-	26,175	18,437	120	-	18,557	7,618	20%
Total		6,366,201	5,480	-	6,371,681	5,860,901	57,197	-	5,918,098	453,583	

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The statement of operating fixed assets for the last year is as follows:

	Cost				Accumulated depreciation				W.D.V.	
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals during the year	As at June 30, 2019	as at June 30, 2019	Depreciation rate per annum
	(Rs. in '000')									
Owned										
Freehold land	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land	625	-	-	625	530	31	-	561	64	5%
Apparatus, plant & equipment	6,180,870	4,200	-	6,185,070	5,638,258	56,953	-	5,695,211	489,859	5-33%
Sign boards	30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & equipment	47,487	2,289	-	49,776	45,472	496	-	45,968	3,808	10%
Computers & accessories	70,022	706	(68)	70,660	69,428	434	(13)	69,849	811	33%
Vehicles	29,380	-	(3,205)	26,175	21,068	574	(3,205)	18,437	7,738	20%
Total	6,362,279	7,195	(3,273)	6,366,201	5,805,631	58,488	(3,218)	5,860,901	505,300	

5.1.1 Freehold land and building on freehold land is situated at Regional Engineering Office, near gatwala bridge, Sheikhupura Road, Faisalabad measuring 5 canal 18 marla which are duly registered in the name of the Company.

5.1.2 The cost of fully depreciated assets as at June 30, 2020 is Rs. 5,607,734 (2019: Rs. 5,499.396) million

5.1.3 Depreciation for the year has been allocated as follows:

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
Direct costs	28	55,871	56,869
Administrative expenses & distribution costs	29	1,326	1,619
		57,197	58,488

PRAZS

6. INTANGIBLE ASSETS

	Note	Cost			Amortisation			W.D.V.	
		As at July 01, 2019	Addition/ (Disposal)	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	as at June 30, 2020	Period (years)
		(Rs. in '000')							
LL licenses	6.1	8,120	-	8,120	6,090	406	6,496	1,624	16-20
LDI license	6.2	29,029	-	29,029	21,156	1,548	22,704	6,325	18-20
Total		37,149	-	37,149	27,246	1,954	29,200	7,949	

	Note	Cost			Amortisation			W.D.V.	
		As at July 01, 2018	Addition/ (Disposal)	As at June 30, 2019	As at July 01, 2018	For the year	As at June 30, 2019	as at June 30, 2019	Period (years)
		(Rs. in '000')							
LL licenses	6.1	8,120	-	8,120	5,684	406	6,090	2,030	16-20
LDI license	6.2	29,029	-	29,029	19,608	1,548	21,156	7,873	18-20
Total		37,149	-	37,149	25,292	1,954	27,246	9,903	

6.1 These represent cost of non-exclusive licenses granted by the PTA to the Company for providing certain telecommunication services in the specified regions of the country and for establishing, maintaining and operating a telecommunication system, in accordance with the terms and conditions of the licenses. The licenses are effective for a period of 20 years, commencing on August 04, 2004.

6.2 This represents cost of non-exclusive license granted by the PTA to the Company for providing the LDI telecommunication services in the country for a effective period 18-20 years, commencing on July 27, 2004.

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	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	

7. RIGHT-OF-USE

As at July 01, 2019		
Cost (Impact of initial application of IFRS 16)	**83,538**	-
Accumulated depreciation	**-**	-
Net book value	**83,538**	-
Year ended June 30,		
Opening net book value	**83,538**	
Depreciation for the year	**(24,811)**	
Closing net book value	**58,727**	-
As at June 30, 2020		
Cost	**83,538**	-
Accumulated depreciation	**(24,811)**	
Net book value	**58,727**	-

8. LONG-TERM INVESTMENTS

Investments in wholly owned subsidiary companies:

Unquoted – at cost

Supernet Limited 50,000,000* (2019: 50,000,000*) ordinary shares of Rs. 10/- each [breakup value: Rs.18.12 (2019: Rs. 17.39) per share)], based on the audited financial statements of the company for the year ended June 30, 2020.	**340,537**	340,537
Telegateway Limited 50,000 (2019: 50,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2019: Nil)], based on the audited financial statements of the company for the year ended June 30, 2020.	**500**	500
Nexus Communication (Pvt) Limited 10,000 (2019: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2019: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2020.	**100**	100
Glitz Communication (Pvt) Limited 10,000 (2019: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2019: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2020.	**100**	100
Globetech Communication (Pvt) Limited 10,000 (2019: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2019: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2020.	**100**	100
	800	800
Loss allowance for ECL	**(800)**	(800)
	-	-

PRASS

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
At fair value through other comprehensive income (FVOCI)			
Augere Holdings	8.1	**480,630**	480,630
Class A preference ordinary shares each having breakup value Rs. Nil [2019: Rs. Nil], based on the unaudited financial statements of the company for the year ended December 31, 2015.			
Loss allowance for ECL	8.2	**(480,630)**	(480,630)
		-	-
		340,537	340,537

* This includes impact of bonus shares issued by the subsidiary company from time to time.

8.1 Disclosures in respect of foreign investment as required by Companies Act, 2017 are as follows:

Name	Augere Holdings
Jurisdiction	Prins Bernhardplein 200 Amsterdam, 1097 JB Netherlands
Date of investment	February 24, 2012
Beneficial owner	Not available
Investment in foreign currency	USD 5.305 million against issuance of credit note

8.2 For the purpose of impairment testing, the carrying amount of investment has been compared with the estimated recoverable amount, determined on the basis of fair value, as the investee company has negative equity and the Company does not expect any cash flows from the investment in the foreseeable future. Accordingly, the fair value is estimated as nil (2019: nil) and the entire carrying amount of investment has been impaired.

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
9. LONG-TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		**44,315**	44,315
Rented premises		**3,018**	3,017
Guarantee margin		**9,100**	5,500
Others		**1,180**	1,080
		57,613	53,912
10. DEFERRED TAXATION			
Deferred tax credits arising on			
Accelerated tax depreciation		**(43,649)**	(24,192)
Amortisation of intangible assets		**(2,305)**	(2,872)
		(45,954)	(27,064)
Deferred tax debits arising from			
Retirement benefits		**1,620**	1,493
Short-term provisions		**342,064**	319,787
Leases		**18,022**	-
Tax losses brought forward		**35,722**	40,199
		397,428	361,479
		351,474	334,415
Deferred tax asset not recognised	10.1	**(48,712)**	(31,653)
		302,762	302,762

PEASS

10.1 Being prudent and based on future projections, the Company has not recognised deferred tax asset amounting to Rs. 48.713 million (2019: 31.653 million).

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
11. TRADE DEBTS			
Unsecured - considered good			
Supernet Limited - related party	11.1	135,372	137,229
Others		240,224	212,331
		375,596	349,560
Considered doubtful			
Loss allowance for ECLs	11.2	(24,542)	(24,152)
		351,054	325,408

11.1 The maximum amount outstanding at any time during the year calculated with month end balance are as follows:

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	
Supernet Limited	135,372	400,607
Envicrete Limited *	-	394
Arfeen International (Private) Limited *	-	1,230
World Trade Center (Private) Limited *	-	10
Port Grand Limited *	-	392

* These parties are no longer related to the Company by the virtue of common directorship during the current reporting period.

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
11.2 Loss allowance for ECL			
Opening balance		24,152	-
Recognition of loss allowance under transition provision of IFRS 9		-	21,578
Adjusted opening balance as at July 01, 2018		-	21,578
Loss allowance charged for the year	29	390	2,574
		24,542	24,152

11.3 As at June 30, 2020, the ageing analysis of un-impaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > three months upto one year	Past due but not impaired: Above one year
	---------- (Rupees in '000') ----------			
Related parties	135,372	-	-	135,372
Others	215,682	101,740	40,742	73,200
June 30, 2020	**351,054**	**101,740**	**40,742**	**208,572**
Related parties	137,229	602	-	136,627
Others	188,179	81,787	23,150	83,242
June 30, 2019	**325,408**	**82,389**	**23,150**	**219,869**

PRAYS

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	

12. LOANS AND ADVANCES

	Note	June 30, 2020	June 30, 2019
Loans- unsecured			
Considered good			
World Trade Center (Private) Limited *	12.1	**30,000**	30,000
Advances – unsecured			
Considered good			
Executives	12.2	**3,923**	3,807
Employees		**4,980**	5,128
Suppliers		**19,195**	6,148
		28,098	15,083
		58,098	45,083

12.1 This represents a short-term loan to World Trade Center (Private) Limited, carrying mark-up rate 3 months KIBOR plus 2.4% (2019: 3 months KIBOR plus 2.4%) per annum. The maximum aggregate amount due at the end of any month during the year was Rs. 30 million (2019: Rs. 30 million).

*This is no longer related to the Company by the virtue of common directorship during the current reporting period.

12.2 The maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 4.123 (2019: Rs. 3.902) million.

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	

13. DEPOSITS AND PREPAYMENTS

Deposits			
Others		**18,695**	18,665
		18,695	18,665
Prepayments			
Interconnect operators		**5,845**	1,385
Rent		**9,812**	6,700
Others		**3,300**	1,459
		37,652	28,209

14. ACCRUED MARK-UP / PROFIT

Due from a bank		**7,000**	7,000
Mark-up on loan to related parties	14.1	**-**	17,793
Others		**20,029**	-
		27,029	24,793

14.1 Related parties *

Arfeen International (Private) Limited		-	12,866
World Trade Center (Private) Limited		-	4,927
			17,793

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

PRAJS

	Note	June 30, 2020	June 30, 2019 *(Restated)*
		---- (Rupees in '000') ----	

15. OTHER RECEIVABLES

	Note	June 30, 2020	June 30, 2019 (Restated)
Considered good			
Related parties	15.1	-	867
Karachi Relief Rebate Package	15.2	325,771	325,771
Due from PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		345,594	345,594
Pakistan Telecommunication Authority - APC for USF	15.3	1,547,559	1,723,976
Pakistan Telecommunication Authority - ARFSF	15.4	48,135	45,894
Pakistan Telecommunication Authority - others	15.5	117,197	125,343
Claim against a bank	15.6	998	998
Insurance claims		-	56
Due from a contractor		2,798	4,613
Punjab Revenue Authority (PRA)	15.7	34,956	34,956
Others		6,599	4,424
		2,525,648	2,707,666
Considered doubtful			
Karachi Relief Rebate Package		325,770	325,770
Pakistan Telecommunication Authority	15.3	76,428	-
Due from PTCL against WPS	15.8	243,890	243,890
		646,088	569,660
Loss allowance for receivables considered doubtful	15.9	(646,088)	(569,660)
		-	-
		2,525,648	2,708,533

15.1 Related parties

	June 30, 2020	June 30, 2019
Envicrete Limited *	-	839
Grand Leisure Corporation (Private) Limited *	-	28
	-	867

15.1.1 The maximum amount outstanding as at end of any month during the year are as follows:

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	
Envicrete Limited*	-	853
Grand Leisure Corporation (Private) Limited*	-	28

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

Perms

15.2(a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Company in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.280 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.930 million. The Court, during the year ended June 30, 2002, passed an interim order in favour of the Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

As the Court already passed an interim order in August 2001 in favour of the Company, the management and legal advisor of the Company is confident that the recovery of the amount accrued would be as prayed by the Company. However, as a matter of prudence, the Company had partially provided the said amount last year.

15.2(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs.334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Company. In the opinion of the legal advisor of the Company, if it is decided by the Court that the Company is not entitled to the Karachi Relief Rebate and the decision in this case is against the Company, then the Company would have to pay only the above amount on account of Karachi Relief Rebate. If, however, it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Company to the PTCL but in fact the Company would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above-referred legal advisor, there is likelihood that the Plaintiff will not succeed in its claim in this suit. Accordingly, pending the decision of the Court in this respect, the Company has not made any provision for the aforesaid claim in these financial statements. The Court, in its order dated June 25, 2003, ordered the Company not to create third party interest on its fixed assets as well as undertakings except in the ordinary course of business till the disposal of this case.

15.3 The Company, along with certain other LDI Licensees had challenged the vires of AP Rules, 2004 and AP Regulations, 2005 (AP Rules and Regulations) which required the LDI Operators to make Access Promotion Contributions to the Universal Service Fund (APC for USF) on all international incoming minutes terminated on mobile networks. Consequently, all payments made by the Company on account of APC for USF were booked as receivables in the accounts totaling to Rs. 1,988.466 million. This litigation of the LDI Licensees has been dismissed by the Supreme Court of Pakistan has ruled against the LDI Licenses in this litigation, while a Review Petition is pending before it.

Over the years, the PTA has demanded additional APC for USF payments through its Determinations from most of the LDI Operators including the Company. The additional amount claimed by the PTA from the Company is Rs. 2,556.589 (net of the Rs. 345.594 million held in Escrow by the PTA). In addition to, and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of the LDI Licensees including the Company have filed the Determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the Policy, terms of the License, APC Rules and Regulations in calculating these amounts, b) that in any case the amounts demanded by the PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunction has been granted USF. Appeals of the Company and certain other LDIs are pending adjudication before the Sindh high Court, while appeals of a few LDI Licensees have been decided in favour of the LDI Licensees by the Lahore High Court on similar grounds. The amount refundable to the Company in case of a successful outcome of its appeal is Rs. 1,547.559 million.

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In light of the above during the year ended June 30, 2018, the management reduced its receivable by Rs. 207.01 million and during the current year, the Company has further reduced the same by Rs. 99.988 million to Rs. 1,547.559 million in order to bring it in line with its contention in the appeals pending before the Sindh High Court. The Company has also reclassified RS. 54.988 million from PTA (APC for USF) ro Receivable from PTA (others) on the ground that PTA has accounted for this amount under Late Payment Fee and not APC for USF (as disclosed in note 15.5). Moreover, the management has also provided Rs. 76.428 million during the year as a matter of prudence and being the amount not claimed in pending appeals, however, the Company intends to challenge the same in future. It is also pertinent to point out that these claims relate to the period ending September 2012, and the APC Regime has been subsequently terminated by the MOIT and PTA.

15.4 This represent principal amount and late payment fees paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. The Company surrendered its WLL license to PTA in August, 2016 as fully mentioned in note 22.2.1 which is yet pending settlement from PTA, however, the Company was forced to make payments on this account. Payment of ARFSF for FY 2017 were inadvertently expensed out by the Company during the year ended June 30, 2018 which has been rectified during the year as fully mentioned in note 4.28 to the financial statements.

15.5 This amount represent payments made to PTA on account of Late Payment Additional Fees (LPAF) relating to Annual Regulatory Dues (ARD), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions amounting in aggregated to Rs 156.864 million out of which Rs. 101.876 million paid pursuant to Court Order during the year 2018 and Rs. 54.988 million paid during the year 2010.

The Company has challenged the Court Order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management is confident that the same is on plausible grounds. Nevertheless, the Company has charged-off partial amount (Rs 45.55m out of Rs. 101.876m), during the last year, as a matter of prudence. This also includes refund received from PTA on account of over payment against USF and R&D which shall be adjusted against future payments.

15.6 This represents amount due from a bank in respect of the PTCL bills paid by the Company to the bank but not passed over to the PTCL. The Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2019: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (2019: Rs. 8.250) million, against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

15.7 The PRA Lahore issued a demand of Rs. 1,333.312 million for the years 2014 and 2015 vide Order No. 74 dated August 13, 2018. The order was challenged before the Commissioner Appeal (PRA) Lahore who set aside the original demand vide order No. 299/2018 dated February 06, 2019 released on April 05, 2019. The tax authorities had attached the Company's account on March 30, 2019 and withheld an amount of Rs. 34.956 million. Since the order has been decided in favour of Company, hence the amount shall be refunded by the tax authorities.

15.8 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,020.324 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement, the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Company has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,300.000 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

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In earlier years the Company was forced to make payments of some disputed amounts to the tune of Rs. 727.303 million, which are recorded as a receivable by the Company in its accounts, and were subsequently provided for. However, after a thorough review of the Claim and Counter Claim filed in the Arbitration proceedings, and the available record, the Company has decided to adjust the receivable amount against the liability recorded in the books of the Company on account of the WPS Agreement. Consequently, provisioning to the amount of Rs. 483.413 million has been reversed in prior period, and the receivable has been settled against the corresponding liability (please see note 22.1). An amount of Rs. 243.890 million appears as the residual receivable from PTCL on this account, consistent with its position in the Arbitration proceedings. However, this amount remains fully provided for.

		Note	June 30, 2020	June 30, 2019
			---- (Rupees in '000') ----	
15.9	**Loss allowance for ECLs against other receivables**			
	Opening balance		**569,660**	569,660
	Loss allowance against APC for USF from PTA	15.3	**76,428**	-
			646,088	569,660
16.	**TAXATION – NET**			
	Advance income tax		**172,040**	178,291
	Provision for taxation – current	33	**(34,694)**	(46,224)
			137,346	132,067
17.	**BANK BALANCES**			
	In current accounts			
	Local currency		**1,537**	12,605
	Foreign currency		**34**	45
			1,571	12,650
	In saving accounts			
	Local currency	17.1	**21,447**	9,853
			23,018	22,503

17.1 These carry mark-up at rates, ranging between 3.1% to 11.9% (2019: 2.02% to 10.30%) per annum.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
Number of shares			---- (Rupees in '000') ----	
300,000,000	300,000,000	Ordinary shares of Rs.10/- each fully paid in cash	**3,000,000**	3,000,000

18.1 As at reporting date, chief executive officer, directors and their spouses held 7.60% (2019: 8.68%), related parties held nil (2019: 1.83%) and the balance of 92.40% (2019: 89.49%) are held by individuals and others.

18.2 All ordinary shares rank equally with regard to residual assets of the Company. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting rights, board selection, right of first refusal and block voting are in proportion to shareholding.

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	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
19. LONG TERM FINANCING			
Secured			
Diminishing musharakah	19.1	**108,614**	-
Current maturity shown under current liabilities	25	**(24,120)**	-
		84,494	
Term finance certificates	19.2	**736,190**	736,190
Overdue instalments	25	**(570,541)**	(294,471)
Current maturity shown under current liabilities	25	**(165,649)**	(276,070)
		-	165,649
		84,494	165,649

19.1 During the reporting period, a rescheduling agreement dated December 03, 2019 has been reached between the Company and the bank in respect of diminishing musharaka facility. In terms of this agreement, an upfront payment of Rs. 25 million has been made by the Company, and as a result, the accrued mark-up amounting to Rs. 20.459 million upto the date of rescheduling agreement have been waived-off, which has been fully written-back as income to the statement of profit or loss during the year.

The facility is repayable in 20 equal quarterly instalments of Rs. 6.03 million each, with first instalment commencing from February, 2020. This facility carries mark-up at the rate of 3 month KIBOR with a floor of 7.5% payable quarterly, with first quarterly instalment of mark-up commencing from November, 2022 (after grace period of 2 years from date of rescheduling). This facility is secured against pari passu charge over the current assets and ranking charge over the fixed assets of the Company.

19.2 This represents listed Term Finance Certificates (TFC's) issued by the Company. Effective from December 31, 2015 these TFC's have been restructured for the period of five years carrying mark-up payable on quarterly basis and principal amount redeemable in 12 unequal quarterly instalments starting from March 31, 2018. These TFC's carry mark-up at the rate of three months KIBOR (2019: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs. 800 million (2019: Rs.800 million) and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

PRADS

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	

20. CONTRACTUAL LIABILITY TO A CONTRACTOR

Unsecured		
Advance from a contractor	**337,900**	344,080
Taken to profit or loss account during the current year upon rendering of services	**(1,030)**	(6,180)
	336,870	337,900

20.1 On April 30, 2010, the Company received payment on account of provision of infrastructure services to the contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million to be issued by the Company.

Although the Agreement does not specify the period in which such infrastructure services are to be provided by the Company to the contractor, it is assumed that the balance value of the Credit Note is available for the Company utilisation over the balance life of LL licences. Since the Credit Note in question has not been finalised to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	

21. LEASE LIABILITIES

Lease liabilities	**62,145**	
Current portion of lease liabilities	**(22,001)**	-
	40,144	-

21.1 Reconciliation of the carrying amount is as follows:

Initial application of IFRS 16 on July 1, 2019	**80,388**	-
Accretion of interest	**10,200**	-
Lease rental payments made during the year	**(28,443)**	-
Lease Liability as at June 30, 2020	**62,145**	-
Current portion of lease liabilities	**(22,001)**	-
Long-term lease liabilities as at June 30, 2020	**40,144**	-

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		Note	June 30, 2020	June 30, 2019
			---- (Rupees in '000') ----	
21.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**14,500**	-
	Later than one year but not later than five years		**60,796**	-
			75,296	-
	Future finance charge		**(13,151)**	-
	Present value of finance lease liabilities		**62,145**	

22. DEFERRED LIABILITIES

		Note	June 30, 2020	June 30, 2019
	Staff gratuity	22.1	**5,585**	5,147
	Spectrum fee payable	22.2	**-**	-
			5,585	5,147
22.1	**Staff gratuity**	22.1	**5,585**	5,147
22.1.1	**Reconciliation of obligations as at year end**			
	Present value of defined benefit obligation		**5,585**	5,147
22.1.2	**Movement in liability**			
	Net liability at beginning of the year		**5,147**	5,121
	Charge for the year		**438**	442
	Benefits paid during the year		**-**	(416)
			5,585	5,147
22.1.3	**Charge for the year**			
	Interest cost		**438**	442
22.1.4	**Movement in defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		**5,147**	5,121
	Interest cost		**438**	442
	Benefits paid during the year		**-**	(416)
			5,585	5,147

22.1.5 Principal actuarial assumptions

The latest valuation was carried out as at June 30, 2018, using Projected Unit Credit Method. Following assumptions had been used for valuation of the scheme:

	June 30, 2020	June 30, 2019
Expected rate of increase in salaries, per annum	**7.00%**	7.00%
Expected discount rate, per annum	**10.50%**	10.50%

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22.1.6 **Comparison for five years**

	2020	2019	2018	2017	2016
	(Rupees in '000')				
Present value of defined benefit obligation	**5,585**	5,147	5,121	2,947	2,947

		June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
22.2	**Spectrum fee payable**	**317,100**	317,100
	Offered to PTA shown as current maturity	**(317,100)**	(317,100)
		-	-

22.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Company, as referred to in note 6. The total value of Initial Spectrum Fees (ISF) for 450MHz and 1900MHz was assigned at Rs.3.171 billion in 2004. 50% of this amount was paid upfront, while the balance ISF equivalent to Rs. 1.585 billion remained to be paid. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. On March 10, 2010, the Company received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal instalments, commencing from the year 2010. However, a few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Company on June 2, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The SCN was followed by a PTA Determination dated June 3, 2011 upholding the SCN. The Company instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set it aside. During the pendency of this appeal, the MoIT, vide its letter dated August 30, 2011, accepted the long outstanding request of the WLL industry and directed the PTA to collect the balance fees in instalments. The appeal of the Company against the Determination was turned down by IHC, which resulted in PTA issuing a letter cancelling the Company's WLL Licenses and withdrawing the frequency spectrum for non-payment of the balance Initial Spectrum Fee.

Given the contradictory positions taken by the PTA and the MOIT, the Company was constrained to undertake further litigation to protect its position and rights, including seeking suspension of PTA's cancellation letter and approaching the IHC for implementation of the MOIT's Order to receive the balance ISF in instalments. This request was granted by the IHC in December 2013, and it instructed the PTA to receive the amount in instalments. In order to implement the decision, the MOIT instructed the PTA to finalise the instalment plan with the WLL Operators. However, instead of complying with the order of IHC and instructions from the MOIT, the PTA chose to file an Intra Court Appeal (ICA) against the Order of the IHC, and the matter remained unresolved. During this year, the Company attempted to make the payment in instalment, but such payment was also rejected. Eventually, the ICA was decided against the Company, whereby its request to make the payment of the balance Initial Spectrum Fee in instalment was rejected. The Company filed a CPLA in the Supreme Court of Pakistan against the decision of the IHC, but in the absence of any suspension order issued by the Supreme Court, the earlier decision of PTA withdrawing the spectrum from the Company became effective. In June 2018, the Company withdrew its CPLA from the Supreme Court on the basis that the Spectrum already stood withdrawn from the Company, and it wanted to settle accounts with PTA on the basis of the actual period of usage by the Company.

As a consequence of the above, during the year ended June 30, 2018, the outstanding liability on this account was reduced to Rs. 317.100 million on the basis that the License has been paid for until August 2014 (representing 50% of the 20 year life starting from August 2004), and the Company has offered to pay Rs.317.100 million (Settlement Amount) representing balance ISF liability for an additional 2 years, despite the fact that the PTA had issued a letter withdrawing the Spectrum earlier, and the Company had not been using the Spectrum since at least 2015. This settlement being at an advanced stage is pending confirmation from PTA.

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
23. TRADE AND OTHER PAYABLES			
Pakistan Telecommunication Company Limited (PTCL)			
LL & LDI charges		**56,677**	74,503
Others		**542**	786
		57,219	75,289
Interconnect operators		**12,314**	12,520
Others		**109,766**	88,347
		179,299	176,156
Other payables			
Current accounts with related parties	23.1	**85,988**	313,097
Current maturity of spectrum fee payable	22.2	**317,100**	317,100
Accrued liabilities		**156,791**	113,372
Contract liability to customers		**10,024**	15,180
Unearned income		**-**	793
Workers' welfare fund		**4,964**	4,964
Others	23.1.2	**64,861**	-
		639,728	764,506
		819,027	940,662

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		June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
23.1	**Current accounts with related parties**		
	Supernet Limited	**67,926**	203,397
	World Trade Center (Private) Limited *	**-**	45,792
	Arfeen International (Private) Limited *	**-**	33,582
	Telegatway Limited	**15,028**	15,028
	Chaman Investment (Private) Limited *	**-**	2,911
	IIL (Private) Limited *	**-**	9,755
	Total Telecom Limited *	**-**	421
	Port Grand Limited *	**-**	153
	Glitz Communication (Private) Limited	**80**	80
	Globetech Communication (Private) Limited	**80**	80
	Nexus Communication (Private) Limited	**71**	71
	Supernet E-Solution (Private) Limited	**2,803**	1,827
		85,988	313,097

23.1.1 The above amounts due from related parties are payable on demand.

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

23.1.2 This includes an amount of Rs 40.370 million that carries mark up at the rate of 6% to 7% per annum and are payable on demand.

		June 30, 2020	June 30, 2019
24.	**ACCRUED INTEREST/MARK-UP**	---- (Rupees in '000') ----	
	On secured		
	Interest / mark-up against financing	**208,222**	122,467
	On unsecured		
	Current accounts		
	Related parties	**1,697**	28,279
	Others	**29,203**	-
		30,900	28,279
		239,122	150,746

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	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	

25. SHORT-TERM FINANCING

	Note	June 30, 2020	June 30, 2019
Current maturity of diminishing musharakah	19.1	**24,120**	145,614
Current maturity & overdue instalments of term finance certificates	19.2	**736,190**	570,541
		760,310	716,155

26. CONTINGENCIES AND COMMITMENTS

26.1 During the year ended June 30, 2011, the PTA issued a determination letter dated October 31, 2010 alleging that the Company has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 and demanded a sum of Rs. 56.470 million from the Company on account of short payment of APC for USF. The Company has filed a review Petition challenging the same which is currently pending before the Supreme Court of Pakistan.

26.2 The Company filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.

26.3 During the year ended June 30, 2012, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs. 54.550 million. The Company has challenged the determination in the High Court of Sindh.

26.4 During the year ended June 30, 2013, the Company filed an appeal before the Sindh High Court (SHC) for setting aside order dated June 30, 2012 passed by PTA whereby, PTA alleges that the Company is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted a stay and no coercive action can be taken by PTA.

26.5 The Company has filed a Constitutional Petition (CP) before the High Court of Sindh for setting aside the order dated April 30, 2013, passed by the Competition Commission of Pakistan (CCP) whereby ICH agreement is void in terms of the Competition Act. Court has granted a stay order and the matter is currently pending before the Competition Appellate Tribunal.

26.6 During the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.

The Competition Commission of Pakistan (CCP), during the year ended June 30, 2013, declared the ICH agreement as illegal and had imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each. The Company instituted a Constitutional Petition before the High Court of Sindh for setting aside the order dated April 30, 2013 passed by CCP. The Sindh High Court had suspended the impugned order on September 05, 2013 and the matter is pending before Competition Appellat Tribunal.

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26.7 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Company was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.810 million. The Company has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.

An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.92 million against the reported tax loss of Rs. 5.940 million. The Company had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Company, after admitting an adjustment of tax refundable, amounting to Rs. 4.530 million, against tax demand of Rs. 19.360 million, thus creating a final tax demand of Rs. 14.790 million. The Company has filed an appeal in the Court, which has not been heard to-date.

26.8 PTCL's claim amounting to Rs.1632.840 (2019: Rs.1,630.461) million in respect of monthly billing has not been acknowledged as debt by the Company. The Company maintains that the said amount is overbilled by the PTCL.

26.9 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 15.1 to the financial statements.

26.10 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 15.3 and 22.2.1 to the financial statements.

26.11 No provision on account of above contingencies including note 26.9 and 26.10 has been made in the financial statements as the management and legal advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

26.12 Counter guarantees given to banks amounts to Rs. 47.225 (2019: Rs.43.625) million.

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		Note	June 30, 2020	June 30, 2019
			-- (Rupees in '000') --	
27	**REVENUE – NET**			
	Turnover		**1,182,279**	1,085,181
	Services rendered to the contractor	20	**1,000**	6,000
			1,183,279	1,091,181

28.	**DIRECT COSTS**			
	Interconnect charges – net		**150,700**	164,443
	Network media charges		**286,266**	280,038
	Short-term leases - network sites rental		**44,345**	-
	Network sites rental		**-**	54,721
	Network sites utilities and maintenance		**72,629**	69,493
	Insurance		**2,209**	2,053
	Annual regulatory charges		**16,205**	22,052
	Depreciation on operating fixed assets	5.1.3	**55,871**	56,869
	Depreciation on right-of-use assets	7	**24,811**	-
	Amortisation	6	**1,954**	1,954
			654,990	651,623

29.	**ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS**			
	Salaries and other benefits	29.1	**199,061**	162,140
	Postage, telephone and telex		**1,988**	2,074
	Vehicles running and maintenance		**14,871**	15,056
	Travelling and entertainment		**1,307**	1,782
	Office security and maintenance		**6,313**	7,059
	Stationery		**1,523**	2,040
	Short-term leases - office rentals		**52,622**	40,896
	Utilities		**20,722**	13,719
	Insurance		**3,136**	4,074
	Legal and professional charges		**13,280**	6,490
	Auditors' remuneration	29.2	**3,704**	3,701
	Sales promotion and marketing		**452**	552
	Fee and subscription		**2,094**	2,027
	Depreciation	5.1.3	**1,326**	1,619
	Software support services		**4,500**	4,500
	Others		**4,375**	3,137
	Loss allowance for trade debts	11.2	**390**	2,574
			331,664	273,440

29.1 This includes Rs 0.438 million in respect of gratuity expense for the year (2019: Rs. 0.442 million) and Rs. 5.468 (2019: Rs.5.367) million in respect of the Company's contribution towards provident fund.

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		Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
29.2	**Auditors' remuneration**			
	Fee for the audit of annual financial statements		**2,000**	2,000
	Fee for the audit of consolidated financial statements		**350**	350
	Fee for review of half yearly financial statements and other certifications		**1,190**	1,190
	Out-of-pocket expenses		**164**	161
			3,704	3,701

30. OTHER EXPENSES

	Note	2020	2019
Realised exchange loss - net		**2,695**	-
Receivable from PTA against APC for USF written-off	15.3	**99,988**	-
Loss allowance against APC for USF from PTA	15.3	**76,428**	-
Credit note issued to related party		**-**	265,235
		179,111	265,235

31. OTHER INCOME

	Note	2020	2019
Income from financial assets			
Income from saving accounts		**3,802**	1,144
Mark-up on loan to World Trade Center (Pvt.) Ltd		**4,464**	3,511
Reversal of provision against long-term investment		**-**	100
Income from non-financial assets			
Gain on sale of fixed assets		**-**	1,542
Scrap sale		**-**	250
Unrealised exchange gain - net		**1,320**	8,002
Liabilities no longer payable written-back		**-**	149,362
Accrued mark-up written-back	19.1	**20,459**	-
Others		**250**	-
		22,029	159,156
		30,295	163,911

32. FINANCE COSTS

	Note	2020	2019
Interest/mark-up on			
Short-term financing		**10,984**	3,190
Term finance certificates		**95,231**	68,347
Lease liabilities against ROU assets	21.1	**10,200**	-
		116,415	71,537
Mark-up on current accounts with related parties	23.1.1	**-**	6,153
Mark-up on current accounts with others		**4,849**	-
Bank charges		**1,139**	1,349
		122,403	79,039

33. TAXATION

	Note	2020	2019
Current	33.1 & 16	**36,925**	46,406
Prior period		**(2,231)**	(182)
		34,694	46,224

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33.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on minimum tax under section 113 and minimum tax under section 153 of the Income Tax Ordinance, 2001.

The income tax assessments of the Company have been finalised up to and including the tax year 2017, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 26.7).

		Note	June 30, 2020	June 30, 2019
34.	**LOSS PER SHARE - BASIC & DILUTED**			
	Loss after tax for the year (Rupees in '000')		**(109,288)**	(60,469)
	Weighted average number of shares		**300,000,000**	300,000,000
	Basic loss per share (Rupees)		**(0.36)**	(0.20)

34.1 There is no dilutive effect on the basic earnings of the Company.

		Note	June 30, 2020	June 30, 2019
35.	**CASH GENERATED FROM OPERATIONS**			
	Loss before taxation		(74,594)	(14,245)
	Adjustments for non-cash charges and other items:			
	Depreciation	5.1.3	**57,197**	58,488
	Depreciation on right-of-use assets	7	**24,811**	-
	Amortisation	6	**1,954**	1,954
	Provision for gratuity	22.1.2	**438**	442
	Unrealised exchange gain		**(1,320)**	(2,573)
	Finance costs	32	**121,264**	77,690
	Liabilities no longer payable written-back	31	**-**	(149,362)
	Accrued mark-up written-back	31	**(20,459)**	-
	Receivable from PTA against APC for USF written-off	30	**99,988**	-
	Credit note issued to related party		**-**	265,235
	Mark-up on loan to World Trade Center (Pvt.) Ltd		**(4,464)**	(2,315)
	Reversal of provision against long-term investment		**-**	(100)
	Contractual liability to a contractor	20	**(1,030)**	(6,180)
	Gain on sale of fixed assets	31	**-**	(1,542)
	Loss allowance against APC for USF from PTA	30	**76,428**	-
	Loss allowance for ECLs against trade debts	11.2	**390**	2,574
			355,197	244,311
	Profit before working capital changes		**280,603**	230,066
	(Increase)/decrease in current assets			
	Trade debts		**(24,618)**	22,560
	Loans and advances		**(13,015)**	(2,210)
	Deposits and prepayment		**(9,443)**	(6,961)
	Accrued mark-up		**(2,236)**	(1,559)
	Other receivables		**5,551**	(107,417)
			(43,761)	(95,587)
	Increase/(decrease) in current liabilities			
	Trade and other payables		**(121,733)**	(59,980)
	Cash generated from operations		**115,109**	74,499

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36. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Director	Executives
	(Rupees in '000')					
Managerial remuneration	13,082	7,312	29,053	8,516	3,290	24,636
Other perquisites and benefits						
House rent	5,887	3,290	13,074	3,832	1,481	11,086
Medical	-	16	348	35	35	283
Retirement benefits	774	564	1,982	709	274	1,690
Utilities	1,308	731	2,905	852	329	2,464
	7,969	4,601	18,309	5,428	2,119	15,523
	21,051	**11,913**	**47,362**	**13,944**	**5,409**	**40,159**
Number of persons	**1**	**2**	**15**	**1**	**1**	**14**

36.1 No remuneration has been paid to any of the non-executive directors during the year except fee for attending board meetings which were paid to 2 non-executive directors amounting to Rs. 0.3 million (2019: nil).

37. FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets at amortised cost

	Note	June 30, 2020	June 30, 2019
		---(Rupees in '000')---	
- Long-term deposits	9	**57,613**	53,912
- Trade debts	11	**351,054**	325,408
- Short-term loan	12	**30,000**	30,000
- Short-term deposits	13	**18,695**	18,665
- Accrued mark up/ profit	14	**27,029**	24,793
- Other receivable	15	**2,522,850**	2,703,920
- Bank balances	17	**23,018**	22,503
		3,030,259	3,179,201

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		Note	June 30, 2020	June 30, 2019
			---(Rupees in '000')---	
37.2	**Financial liabilities measured at amortised cost**			
	- Long-term financing	19	**84,494**	165,649
	- Lease liabilities	21	**40,144**	-
	- Trade and other payables	23	**809,003**	924,689
	- Short-term financing	25	**760,310**	716,155
	- Accrued mark-up	24	**239,122**	150,746
	- Current portion of lease liabilities	21	**22,001**	-
	- Unclaimed dividend		**4,394**	4,394
			1,959,468	1,961,633

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The risk is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management. The Board of Directors supervises the overall risk management approach within the Company.

38.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices.

38.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2020, the Company is exposed to such risk mainly in respect its holding of variable rate financial instruments which comprises of balances held with Banks, short-term financing and long-term financing. When the Company has surplus cash available for investment, it minimizes the interest rate risk by investing in fixed rate investments like bank saving accounts. The Company does not holds any fixed rate financial instruments at FVTPL as at reporting date, hence, any change in interest rate would not affect profit or loss.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs. 7.945 (2019: Rs. 8.419) million and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

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38.1.2 Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to a change in a foreign exchange rates. It arises mainly where foreign currency dominated financial instruments exists as at reporting date due to transactions undertaken in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2020	June 30, 2019
	------- US $ -------	
Trade debts	**256,130**	225,178
Bank balances	**204**	276
Trade and other payables	**(78,063)**	(197,308)
Net exposure	**178,271**	28,146

The following significant exchange rates have been applied at the reporting dates:

Exchange rate (Rupees)	**168.25**	164.00

The foreign currency exposure is partly covered as majority of the Company's billing is determined in US Dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency transactions will be more expensive than assuming the risk itself.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity:

	Change in US $ rate %	Effect on profit /(loss)	Effect on equity
		--- (Rupees in '000') ---	
June 30, 2020	**+10**	**2,999**	**2,999**
	-10	**(2,999)**	**(2,999)**
June 30, 2019	+10	462	462
	-10	(462)	(462)

38.1.3 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2020 the Company is not exposed to equity price risk.

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38.2 Credit risk

Credit risk is the risk that counterparty will cause a financial loss to the Company by failing to discharge its obligations. The table below analyses the Company's maximum exposure to credit risk

	June 30, 2020	June 30, 2019
	--- (Rupees in '000') ---	
Long-term deposits	**57,613**	53,912
Trade debts	**351,054**	325,408
Loan and deposit	**48,695**	48,665
Accrued mark-up	**27,029**	24,793
Other receivables	**2,522,850**	2,703,920
Bank balances	**23,018**	22,503
	3,030,259	3,179,201

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:

	June 30, 2020	June 30, 2019
	---(Rupees in '000')---	
Trade debts		
Customers with no defaults in the past one year	**351,054**	325,408
Bank balances		
A1+	-	10,028
A-1+	**9,779**	12,261
A-2	**107**	74
A-3	**13,132**	-
A-1	-	140
	23,018	22,503

38.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to availability of funding through an adequate amount of committed credit facilities.

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Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with the practice and limits set by the Company. The Company regularly monitors the credit exposure towards the customers and make allowance for ECLs against doubtful balances. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external liquidity requirements and maintaining debt financing plans. However, the Company plans to improve its liquidity position through enhancement and re-profiling of banking facilities, improved revenue generation and cost cutting measures.

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

		Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
		(Rupees in '000')				
38.4	Long-term financing	570,541	165,649	84,494	-	**820,684**
	Trade & other payables	317,100	491,903	-	-	**809,003**
	Unclaimed dividend	4,394	-	-	-	**4,394**
	Accrued mark-up	239,122	-	-	-	**239,122**
	Short-term financing	6,030	18,090	-	-	**24,120**
	Spectrum fee payable	-	-	-	-	-
	June 30, 2020	**1,137,187**	**675,642**	**84,494**	-	**1,897,323**

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	(Rupees in '000)				
Long-term financing	294,471	276,070	165,649	-	736,190
Trade & other payables	317,100	604,489	-	-	921,589
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	150,746	-	-	-	150,746
Short-term financing	-	145,614	-	-	145,614
June 30, 2019	766,711	1,026,173	165,649	-	1,958,533

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the financial statements. Maturity analysis of lease liabilities are disclosed in note 21.2 to the unconsolidated financial statements.

38.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

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The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or repriced periodically.

International Financial Reporting Standard 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 (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

38.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns to shareholders.

The Company monitors capital using a gearing ratio, which is calculated as total borrowings and regulatory dues as disclosed in note 19, 21, 22.2 & 25 less cash and cash equivalent as disclosed in note 17 divided by equity as follows:

	June 30, 2020	June 30, 2019
	---(Rupees in '000')---	
Total debt	1,224,049	1,198,904
Less: Cash & cash equivalent	23,018	22,503
Net debt	1,201,031	1,176,401
Total equity	2,069,069	2,178,357
Total debt and equity	3,270,100	3,354,758
Gearing ratio	36.73%	35.07%

39. TRANSACTIONS WITH RELATED PARTIES

The related parties include subsidiary companies, entities having directors in common with the Company, major shareholders of the Company, directors and other key management personnel and retirement benefit plans. Relationship and percentage of holding are disclosed in note 4.26.

Transactions with related parties, other than those disclosed elsewhere in the financial statements are as under:

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		June 30, 2020	June 30, 2019
		-- (Rupees in '000') --	
Relationship: Wholly owned subsidiary companies			
Name	**Nature of transaction**		
Supernet Limited	Services rendered	**13**	5,434
Supernet E-Solutions (Private) Limited	Services received	**5,748**	7,868
Relationship: Entities having directors in common with the Company			
Name	**Nature of transaction**		
Arfeen International (Private) Limited *	Services received	-	5,520
	Mark-up charged on current account	-	1,612
	Services rendered	-	293
World Trade Center (Private) Limited *	Service received	-	32,867
	Services rendered	-	72
	Mark-up charged on current account	-	3,343
	Mark-up accrued on short-term loan	-	2,580
Envicrete Limited *	Services rendered	-	238
IIL (Private) Limited *	Services rendered	-	264
	Services received	-	1,532
Port Grand Limited *	Services rendered	-	33
	Services received	-	489
Provident fund	Contributions during the year	**5,468**	5,367
Remuneration and benefits	Key management personnel	**80,326**	59,512
Meeting fee	Non-executive directors	**300**	-

39.1 Balances outstanding with related parties have been disclosed in the respective notes to the financial statements.

* These parties are no longer related to the Company by the virtue of common directorship during the current reporting period.

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40. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the fund:

	Note	June 30, 2020 (Un-audited)	%	June 30, 2019 (Audited)	%
		----------Rupees in '000'----------			
Size of the fund - Total assets		**106,319**		89,089	
Cost of the investment made		**89,370**		72,596	
Fair value of investments	40.1	**88,737**		71,507	
Percentage of investments made (%)			**83.46%**		80.26%

40.1 The break-up of fair value of investments is:

Bank balances/deposits	**82,870**	**93%**	66,096	92%
Mutual funds	**5,867**	**7%**	5,411	8%
	88,737		71,507	

40.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

40.3 The share of employees of the Company is 45% (2019: 45%) in the total assets of the fund.

41. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 132 (2019: 124) and average number of employees during the year were 129 (2019: 133).

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation, however, there was no material reclassification of corresponding figures other than the following:

	Reclassification from:	Reclassification to:	Amount in '000'
i)	Other receivables -Pakistan Telecommunication Authority - APC for USF	Other receivables -Pakistan Telecommunication Authority - others	**54,988**
ii)	Deposits and prepayments -Prepayments - interconnect operators	Deposits and prepayments -Deposits - others	**18,185**
iii)	Trade debts -Others	Trade and other payables -Contract liability to customers	**6,231**
		-Others	**3,100**

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43. COVID-19 'PENDAMIC'

On March 11, 2020, the World Health Organization (WHO) declared the 2019 Novel Coronavirus (the "COVID-19") outbreak a pandemic. In response to this, the Federal and Provincial Governments in Pakistan took various measures including imposition of lockdown in the last week of March 2020 which affected the business operations and resulted in adverse economic conditions throughout the Country. The Company complied with the Standard Operating Procedures (SOPs) as prescribed by the Federal and Provincial Government.

The management has assessed accounting implications of the COVID-19 on these unconsolidated financial statements including but not limited to ECLs under IFRS 9 'Financial Instruments', impairment of non-financial assets under IAS 36 'Impairment of assets', recognition of deferred tax assets under IAS 12 'Income Taxes', contingencies under IAS 37 'Provisions, Contingent Liabilities and Contingent Asset', amendments to IFRS 16 regarding rent concessions, preparation of unconsolidated financial statements on a going concern basis etc., According to management's assessment, there is no impact/accounting implication of COVID-19 on the Company's unconsolidated financial statements.

44. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 01 Oct 2020 by the board of directors of the Company.

45. GENERAL

Figures in these unconsolidated financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

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CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the members of Telecard Limited
Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Telecard Limited** (the Company), which comprise the consolidated statement of financial position as at June 30, 2020, and 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated 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.

Emphasis of Matter

We further draw attention to the contents of:

i. note 16.2 (a) to the accompanying consolidated financial statements in respect of the lawsuit filed by the Company during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made for the remaining sum of Rs. 325.771 million in the accompanying consolidated financial statements.

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ii. note 16.2 (b) to the accompanying consolidated financial statements with regard to a lawsuit filed by the PTCL against the Group during the year ended June 30, 2002. Pending a final decision, the Group has not made any provision in the accompanying consolidated financial statements for the amount claimed by the PTCL;

iii. note 16.3 to the accompanying consolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,556.589 million in the accompanying consolidated financial statements; and

iv. notes 27.1 to 27.15 to the accompanying consolidated financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying consolidated financial statements for any liability that may arise there from;

Our opinion is not qualified in respect of the above matters.

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.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**First time adoption of IFRS 16 – Leases** The Group has adopted IFRS-16 with effect from July 01, 2019 as referred to in note 3.1 to the consolidated financial statements. The new accounting standard fundamentally changed the lease accounting as compared to IAS-17 whereby a single on-balance sheet lease accounting model is introduced for lessee to recognize a right-of-use asset and a corresponding lease liability (with certain exceptions). For application of the new accounting standards, a number of	Our audit procedures included, but were not limited to, the following: • Review of lease agreements of the Group to assess non-cancellable lease periods related to recognition of right-of-use assets and corresponding lease liabilities. • Review of calculation of right-of-use assets and related lease liabilities. • Review of management's assessment and judgement used in determination of incremental borrowing rate. • Assessment of the adequacy of disclosures made in the consolidated

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	technical considerations, complexities and practical challenges are involved particularly in determination of lease terms and discount rate where management is required to exercise significant judgements and assumptions. Management is also required to assess optional periods (extension and termination option) in this respect. Due to fundamental change in accounting model, significance of judgement involved and time allocated to obtain sufficient appropriate audit evidence, we consider first time adoption of IFRS-16 as a key audit matter.	financial statements regarding first time adoption of IFRS 16 'Leases'. We further reviewed the first time application of IFRS 16 in accordance with specific transitional provisions of the said standard as at July 01, 2019.
2.	**Provisions and contingencies** There are a number of threatened and actual legal, regulatory and tax cases against the Group. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.	Our key audit procedures included: • Testing key controls surrounding litigations, regulatory and tax procedures & assessing management's procedures in respect of accounting for changes in case status, if any, in consolidated financial statements. • Obtaining and reviewing external confirmations from Group's legal counsels and tax advisors for their views on case status and involving internal tax experts to assess and validate management's conclusion. We further reviewed subsequent Group's correspondence and evaluated completeness, sufficiency and adequacy of related disclosures as refer to in notes 16.2 to 16.9, 23.2.1 & 27.1 to 27.15 to the accompanying consolidated financial statements.

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S. No.	Key Audit Matters	How the matter was addressed in our audit
3.	**Revenue Recognition** There is an inherent risk in respect of the accuracy of revenue recorded due to the complex billing system that involves processing a large volume of data. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over the underlying accuracy of billing systems and presumed risk of fraud.	Our audit approach includes a combination of test of controls, substantive analytical and substantive procedures (test of details) covering in particular: • Evaluation of management information system, the design of controls and assessing its operating effectiveness. • Authorisation of slab rates and reports of call record for incoming international / local traffic. • Comparison of incoming traffic to traffic terminated on mobile / fixed operator. • Input of the above records into billing system and recalculation of amounts billed to customers. We also tested a sample of bills and checked these to supporting documents (contracts, slab rates, call detail record report etc.,) for both international and local customers.

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

The 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.

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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 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.

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

Auditor's 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 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 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.

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- 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 auditor's 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 auditor's 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.

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 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.

The engagement partner on the audit resulting in independent auditors' report is Hina Kazi.

Parker Randall AJS
Chartered Accountants
PRAJS
Date: 02 OCT 2020
Karachi.

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019 (Restated)	July 01, 2018 (Restated)
		(Rupees in '000')		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**808,537**	817,797	883,664
Intangible assets	6	**81,304**	82,050	82,605
Right-of-use assets	7	**65,154**	-	-
		954,995	899,847	966,269
Long-term deposits	8	**88,344**	84,357	91,607
Long-term Investment	9	-	-	-
Deferred taxation	10	**336,583**	336,583	332,965
		1,379,922	1,320,787	1,390,841
CURRENT ASSETS				
Communication stores	11	**129,063**	128,151	121,711
Trade debts	12	**1,385,086**	1,430,264	1,340,873
Loans and advances	13	**141,645**	93,102	111,775
Deposits and prepayments	14	**78,878**	61,519	76,384
Accrued mark-up	15	**27,348**	24,793	28,070
Other receivables	16	**2,540,393**	2,722,089	2,615,733
Taxation – net	17	**327,419**	313,459	311,199
Cash and bank balances	18	**87,418**	194,305	46,644
		4,717,250	4,967,682	4,652,389
TOTAL ASSETS		**6,097,172**	6,288,469	6,043,230

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019 (Restated)	July 01, 2018 (Restated)
		---------- (Rupees in '000') ----------		
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital authorized				
400,000,000 (2019: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000	4,000,000
Issued, subscribed and paid-up capital	19	**3,000,000**	3,000,000	3,000,000
Foreign currency translation reserve		**132**	(375)	-
Accumulated loss		**(329,485)**	(255,573)	(188,329)
Capital and reserves attributable to the owners of the Holding Group		**2,670,647**	2,744,052	2,811,671
Non-controlling interest		**(2,065)**	(846)	-
TOTAL EQUITY		**2,668,582**	2,743,206	2,811,671
NON-CURRENT LIABILITIES				
Long-term financing	20	**139,182**	223,837	530,344
Contractual liability to a contractor	21	**336,870**	337,900	344,080
Lease liabilities	22	**45,226**	-	-
Long-term deposits		-	-	34,874
Deferred liabilities	23	**8,446**	8,008	7,982
		529,724	569,745	917,280
CURRENT LIABILITIES				
Trade and other payables	24	**1,707,012**	1,918,367	1,573,102
Unclaimed dividend		**4,394**	4,394	4,394
Current portion of lease liabilities	22	**24,047**	-	-
Accrued interest/mark-up	25	**245,154**	158,839	101,775
Short-term financing	26	**918,259**	893,918	635,008
		2,898,866	2,975,518	2,314,279
Contingencies & commitments	27			
TOTAL EQUITY AND LIABILITIES		**6,097,172**	6,288,469	6,043,230

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
Revenue – net	28	3,910,039	4,223,936
Direct costs	29	(2,710,540)	(3,215,499)
Gross profit		1,199,499	1,008,437
Administrative expenses & distribution costs	30	(719,494)	(702,090)
Other operating expenses	31	(228,260)	(98,104)
Other income	32	70,575	160,787
		(877,179)	(639,407)
Operating profit		322,320	369,030
Finance costs	33	(159,580)	(113,013)
Profit before taxation		162,740	256,017
Taxation	34	(237,871)	(278,982)
Loss for the year		(75,131)	(22,965)
Loss is attributable to:			
Owners of the Holding Group		(73,912)	(22,119)
Non-controlling interests		(1,219)	(846)
		(75,131)	(22,965)
Loss per share - basic & diluted - (Rupees)	35	(0.25)	(0.08)

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	--- (Rupees in '000') ---	
Net loss for the year	**(75,131)**	(22,965)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	**507**	(375)
Total comprehensive loss for the year	**(74,624)**	(23,340)
Total comprehensive loss attributable to:		
Owners of the Holding Group	**(73,405)**	(22,494)
Non-controlling interests	**(1,219)**	(846)
	(74,624)	(23,340)

The annexed notes from 1 to 46 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY- RESTATED
FOR THE YEAR ENDED JUNE 30, 2020

	Attributable to the owner of Holding Co.				
	Issued subscribed paid-up capital	Accumulated loss	Foreign currency translation reserve	Non - controlling interest	Total
	(Rupees in '000')				
Balance as at July 01, 2018- as previously stated	3,000,000	(210,026)	-	-	2,789,974
Impact of restatement - correction of prior period error (Refer note 4.21)	-	21,697	-	-	21,697
Balance as at June 30, 2018- as restated	**3,000,000**	**(188,329)**	-	-	**2,811,671**
Adjustment on initial application of IFRS 9 for expected credit losses as at July 01, 2018	-	(45,125)	-	-	(45,125)
	3,000,000	**(233,454)**	-	-	**2,766,546**
Net loss for the year	-	(22,119)	-	(846)	(22,965)
Other comprehensive loss	-	-	(375)	-	(375)
Total comprehensive loss for the year	-	(22,119)	(375)	(846)	(23,340)
Balance as at June 30, 2019- as restated	**3,000,000**	**(255,573)**	**(375)**	**(846)**	**2,743,206**
Net loss for the year	-	(73,912)	-	(1,219)	(75,131)
Other comprehensive income	-	-	507	-	507
Total comprehensive loss for the year	-	**(73,912)**	**507**	**(1,219)**	**(74,624)**
Balance as at June 30, 2020	**3,000,000**	**(329,485)**	**132**	**(2,065)**	**2,668,582**

The annexed notes from 1 to 46 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	437,926	627,561
Income tax paid		(251,831)	(288,148)
Finance costs paid		(46,074)	(50,744)
Retirement benefits paid		-	(416)
Long-term deposits		(3,987)	7,250
Net cash generated from operating activities		136,034	295,503
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(161,220)	(103,471)
Addition to intangible assets		(1,448)	(1,659)
Proceeds from disposal of property, plant and equipment		-	4,885
Net cash used in investing activities		(162,668)	(100,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of obligation under finance lease		(1,009)	(2,032)
Repayment of long-term finances		(33,626)	(45,062)
Upfront payment made on restructuring of diminishing musharakah		(25,000)	-
Lease rentals against right-of-use assets		(19,938)	-
Repayment of short-term financing		(680)	(503)
Net cash used in financing activities		(80,253)	(47,597)
Net increase/ (decrease) in cash and cash equivalents		(106,887)	147,661
Cash and cash equivalents at the beginning of the year		194,305	46,644
Cash and cash equivalents at the end of the year	18	87,418	194,305

The annexed notes from 1 to 46 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

- Telecard Limited - Holding Company
- Supernet Limited - Subsidiary Company
- Telegateway Limited - Subsidiary Company
- Nexus Communications (Private) Limited - Subsidiary Company
- Glitz Communications (Private) Limited - Subsidiary Company
- Globetech Communications (Private) Limited - Subsidiary Company
- Supernet E-Solution (Pvt) Limited - Subsidiary Company of Supernet Limited
- Supernet Secure Solution (Private) Limited - Subsidiary Company of Supernet Limited
- Phoenix Global ZSE - Subsidiary Company of Supernet Limited

Telecard Limited was incorporated in Pakistan on October 29, 1992 as a public limited Group. The shares of the Holding Group are listed on the Pakistan Stock Exchange. The Holding Group is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones. The registered office of the Holding Group is located at World Trade Centre 75-East Blue Area, Fazal-ul-Haq road, Islamabad. The principal place of business of the Group is located at World Trade Centre, 10- Khayaban-e-Roomi, Clifton, Karachi.

Supernet Limited is engaged in providing satellite and microwave communication services e.g. internet, radio links, Single Channel Per Carrier (SCPC), Time Division Multiple Access (TDMA), etc. and sale and installation of related equipment and accessories. Telecard Limited holds 100% equity of Supernet Limited.

Telegateway Limited is engaged in the business of providing means of communicating audio, video or audio/video messages transmitted by radio cable, impulses and beams or by any combination thereof or by any other means through space, air, land, water, underground or underwater as permissible under the law. Telecard Limited holds 100% equity of Telegateway Limited. The Company is currently inactive.

Nexus Communications (Private) Limited has been incorporated to provide telecommunication and other related services. Telecard Limited holds 100% equity of Nexus Communications (Private) Limited. The Company is currently inactive.

Glitz Communications (Private) Limited has been incorporated to provide telecommunication and other related services. Telecard Limited holds 100% equity of Glitz Communications (Private) Limited. The Company is currently inactive.

Globetech Communications (Private) Limited has been incorporated to provide telecommunication and other related services. Telecard Limited holds 100% equity of Globetech Communications (Private) Limited. The Company is currently inactive.

Supernet E-Solutions (Private) Limited is engaged in providing telecommunication solutions and other IT related services. Supernet Limited holds 100% equity of Supernet-E-Solution (Private) Limited.

Supernet Secure Solutions (Private) Limited is engaged in providing networking support services. Supernet Limited holds 80% equity of Supernet Secure Solutions (Private) Limited.

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Phoenix Global FZE, a Group based in United Arab Emirates (UAE). Its principle business is provision of telecommunication services and sales of telecom equipment within UAE. Supernet Limited holds 100% equity of Phoenix Global FZE.

The registered office of the Group is located at World Trade Centre, 75, East Blue Area, Fazal-ul-Haq Road, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) 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 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Companies and prepared using uniform accounting policies. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Group uses acquisition method of accounting to account for business combinations.

The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis. Inter-group transactions and balances have been eliminated for the purpose of consolidation. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2.3 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain employees' retirement benefits which have been carried at present value. These consolidated financial statements are prepared following accrual basis of accounting except for cash flow information.

2.4 Functional and presentation currency

Items included in the consolidated financial statement of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs), which is the Group's functional and presentation currency.

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2.5 Standards, interpretations and amendments to approved accounting standards

2.5.1 Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted by the Group.

The following standards, interpretations and amendments to published accounting standards would be effective from the dates mentioned below against the respective standards or amendments:

Standards/ amendments/ interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1/IAS 8	Definition of Material (Amendments)	January 01, 2020
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)	January 01, 2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)*	January 01, 2022
IAS 16	Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

The Group expects that the above amendment will not have any significant impact on the Group's consolidated financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards

IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

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2.5.2 Standards, amendments and interpretations adopted during the year

The Group has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current years:

2.5.3 New and amended standards

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above amendments to accounting standards did not have any effect on the consolidated financial statement expect of adoption of IFRS 16. The detailed impact of the these standards are set forth in note 3 to the consolidated financial statements.

2.6 Significant accounting estimates and judgments

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

In the process of applying the Group's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1,5 & 6
Provision for doubtful debts and other receivables	4.9
Accounting for staff retirement benefits	4.11 & 23.1
Recognition of tax and deferred tax	4.6, 10, 17 & 34
Contractual liability to a contractor	21
Other provisions and contingent liabilities	4.18 & 27
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	4.14 & 22
Detemining the useful lives and carrying value of ROU assets	4.2 & 7

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3. CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of IFRS-16 'Leases' to the Group's consolidated financial statements.

3.1 IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases is removed and all lease contracts, with limited exceptions will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

IFRS 16 'Leases' became effective for annual periods beginning on or after January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 434(I)/2018 dated April 09, 2018 which has been fully adopted by the Group during the reporting period.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 01, 2019. The Group recognised mainly its Base Transceiver Station (BTS) sites having lease-term of more than 12 months.

The Group has adopted modified retrospective approach in accordance with specific transitional provision of IFRS-16 and has not restated comparative information.

The Group has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties (rented premises) that have a lease-term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over their lease terms.

3.1.1 The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	Note	July 01, 2019 Rs in '000'
Incremental borrowing rate is 15% as at July 01, 2019		
Present value of lease liabilities against right of use assets		89,211
Add: Lease prepayments		3,150
Right of use assets		92,361
The impact of adoption of IFRS 16 as at July 01, 2019 (increase / (decrease)) is as follows:		
Assets		
Right-of-use assets	7	92,361
Total assets as at July 01, 2019		92,361
Liabilities		
Lease liabilities		69,273
Current portion of lease liabilities		19,938
Total lease liabilities as at July 01, 2019	22.1	89,211

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	Note	July 01, 2019 Rs in '000'
The impact of adoption of IFRS 16 for the year ended June 30, 2020 is as follows:		
Statement of profit or loss		
Depreciation charge on right-of-use assets	7	27,207
Interest expense on lease liabilities	22.1	11,323

4. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years except for a change in respect of recognition and measurement of leases under the principals of IFRS-16 as disclosed in note 3 above.

4.1 Fixed assets

4.1.1 Property, plant and equipment

Operating fixed assets - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land, which is stated at cost less impairment loss, if any.

Subsequent costs, if reliably measureable, 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 cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to consolidated statement of profit or loss during the period in which they are incurred.

Depreciation is charged to consolidated statement of profit or loss by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 5 to these consolidated financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment loss, if any, or its reversal, is also charged to consolidated statement of profit or loss for the year. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion, respectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset (calculated as the difference between the sale proceeds and the carrying amount of the asset) is recognised in consolidated statement of profit or loss for the year.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, installation and acquisition. These are transferred to specific assets as and when these assets are available for intended use.

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4.1.2 Intangible assets and amortisation

Licences

The costs of licenses and spectrums to provide telecommunication services are classified as intangible assets. These are stated at cost less accumulated amortisation and impairment, if any. These are amortised over the period of license commencing from the date when the license / spectrum is available for intended use i.e. the date when it is in the condition necessary for it to be capable of operating in the manner intended by management.

Computer software

These are carried at cost less accumulated amortisation, and any identified impairment losses. Amortisation is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives specified in note 6, and is charged to consolidated statement of profit or loss for the year. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

The amortization on computer software acquired during the year is charged from the month in which the software is acquired or capitalised, while no amortization is charged for the month in which the software is disposed off.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a Subsidiary Company at the date of acquisition. Impairment testing is performed annually in respect of the same.

4.2 Right of use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use assets are subject to annual impairment review in accordance with IAS 36 "Impairment of assets"

4.3 Communication stores

These are valued at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Items-in-transit are stated at cost comprising invoice value plus other related charges measured thereon up to the date of consolidated statement of financial position.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale.

4.4 Trade debts and other receivables

These are recognised and carried at original invoice amount less a loss allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written-off when identified.

4.5 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

PRASS

4.6 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted as at reporting date. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred

Deferred tax is recognised, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and balance with banks.

4.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.9 Provisions

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

4.10 Financial instruments

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.

4.10.1 Initial measurement of financial assets

The Group classified its financial assets into the following categories:

a) at fair value through other comprehensive income (FVTOCI).
b) at fair value through profit or loss (FVTPL); and
c) at amortised cost

PRASS

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. 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. Except for trade receivables which are measured at the transaction price determined under IFRS 15 "Revenue from contracts with customers".

Financial assets are classified and measured at fair value through other comprehensive income (FVTOCI) or amortised cost, if both of the following conditions are met:

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and; (Business Model test)

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principle and Interest thereon. (SPPI test)

For purchase of sales of financial assets, the Group uses trade date basis of accounting i.e. the date that the Group commits to purchase or sell the asset.

4.10.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

The Group measures its financial assets at amortised cost if Business Model test & SPPI test is passed. These assets are subsequently measured at amortised cost using Effective Interest Rate (EIR) method and are subject to impairment as at each reporting date. Gains / losses are recognised in the consolidated statement of profit or loss when the asset is derecognised / retired / modified.

b) Financial assets at fair value through other comprehensive income (FVTOCI) (Equity Instruments).

Upon initial recognition, an entity may make an irrevocable election to classify its equity investments at FVTOCI that are not held for trading purpose. Subsequent changes in the fair value of an equity investment are presented in other comprehensive income which are never reclassified to the consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

c) Financial asset at fair value through profit or loss (FVTPL)

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. 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 amortised 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 consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

PRASS

4.10.3 Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.10.4 Financial liabilities

Financial liabilities are initially recognised as financial liability at fair value through profit or loss or at amortised cost using Effective Interest Rate (EIR) method as appropriate. Financial liabilities are initially recognised at fair value net of directly attributable transaction cost in case of loans, borrowings and payables. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are subsequently measured at amortised cost using the EIR method.

4.10.5 Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the EIR methodology. The EIR amortisation is included in finance cost in these consolidated financial statements.

4.10.6 Derecognition of financial liabilities

Derecognition of financial liabilities occurs from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

4.10.7 Offsetting financial assets and financial liabilities

Financial asset and financial liability are offset and the net amount is reported in the consolidated balance sheet, if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.10.8 Loss allowance for ECL / impairment

Financial assets

The Group assesses on a forward-looking basis the Expected Credit Losses (ECLs) associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk from the date of initial recognition of a financial asset.

For trade receivables, the Group applies 'simplified approach' as permitted by IFRS 9, which requires expected lifetime credit losses to be recognised at initial recognition and throughout the life of the receivables at an amount equal to lifetime ECLs. Loss allowances are recognised in the consolidated statement of profit or loss as at reporting date.

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Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. An asset's recoverable amount is the higher of its fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment as at each reporting date. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss, or the reversal of an impairment loss, are both recognised in the consolidated statement of profit or loss.

4.11 Employees' retirement benefits

Defined benefit plan

The Group operated an unfunded gratuity scheme for its employees upto March 31, 2008. Provision has been made to cover the obligation in accordance with the actuarial valuation using " Projected Unit Credit Method ". The scheme was replaced by recognised provident fund scheme effective from April 01, 2008.

Defined contribution plan

The Group operates a recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at 8.33% of basic salary.

4.12 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the consolidated statement of profit or loss.

Exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. Upon disposal, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on disposal.

4.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred using EIR methodology except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.14 Lease liability against ROU assets

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a non-cancellable period of 12 months or less) and leases of low value assets. For short-term leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PRAXS

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

4.15 Revenue

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. On evaluation of the performance obligations associated with the stream of revenues of the Group, adoption of IFRS 15 does not trigger a change in the Group's accounting policies with respect to its revenue recognition which are enumerated below:

- Revenue from enterprise sale services is recognised on an accrual basis and at the time the call is terminated over the Group's network in case of local incoming calls.
- Revenue from termination of minutes is recognised at the time the call is terminated over the Group's network in case of international incoming calls.
- Revenue from connection fee is recognised on sale of connections.
- Revenue from data networking services is recognised upon the rendering of such services.
- Revenue from sale of equipment is recognised when equipment is dispatched to customers.
- In case of sharing arrangements with local operators, proportionate share is recognised at the time of termination of calls on designated operator's network.
- Revenue from turkey projects is recognised on the basis of stage of completion method.
- Return on bank balances is accrued using an effective interest rate method.

4.16 Interconnect charges and liability

Interconnect charges are booked as liability on the basis of corresponding bills from interconnect partners except for the cases where management believes, based on its information system and records, that interconnect charges are over billed by the interconnect partners, in which case the liability is recorded on the basis of the Group's information system and records.

4.17 Dividend and other appropriation of reserves

- Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved by the Group's shareholders.

4.18 Other provisions and contingent liabilities

The management applies judgment in measuring and recognising provisions and the Group's exposures to contingent liabilities related to pending litigation and claims. Judgment is necessary in assessing the probability that a pending claim will succeed, or a liability will arise, and to quantify the possible range of financial settlement. Because of inherent uncertainty in this evaluation process, actual outcome may be different from the estimated provisions.

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4.19 Related party transactions

Related parties comprises of subsidiary companies, major shareholders, associated companies with or without common directorship, other companies with common directorship, retirement benefit fund, directors, key management personnel and their close family members. Contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their term of engagements. Transactions with other related parties are entered into at rates negotiated with them (agreed terms).

Following are the related parties of the Group:

Name of related party	Basis of relationship	(%) of shareholding
Mr. S.M. Pervez Sadiq	Key management personnel	-
Syed Aamir Hussain	Key management personnel	-
Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Mr. Mudabbir Hussain	Key management personnel	-
Syed Muhammad Asim	Key management personnel	-

4.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to owners of the group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.21 Correction of prior period error

During the year, the Group identified that charges on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY-2017 paid under protest, matter of which is pending settlement from PTA as fully mentioned in note 23.2.1 has been inadvertently expenses out in the statement of profit or loss in contradiction with the position taken by the Group. As a result, the accounting treatment resulted in overstatement of loss of the year and understatement of its receivables from Pakistan Telecommunication Authority (PTA).

Accordingly, the Group has accounted for the correction of error retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and has restated its comparative information during the year by adjusting opening balance of its retained earnings and assets respectively. The change resulted in a decrease in accumulated loss and an increase in other receivables by Rs. 21.697 million respectively.

The adjustment of prior period error has been made by restating each of the affected financial statement line items for the prior period as follows:

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	As at June 30, 2018			As at June 30, 2019		
	As previously reported	Increase/ (decrease)	As restated 2018	As previously reported	Increase/ (decrease)	As restated 2019
	Rs.'000'					
Effect on statement of changes in equity:						
Accumulated losses	210.026	(21,697)	188,329	277,270	(21,697)	255,573
Effect on statement of statement of financial position:						
Other receivables	2,594,036	21,697	2,615,733	2,700,392	21,697	2,722,089

	For the year ended June 30, 2018		
	As previously reported	Increase/ (decrease)	As restated 2018
	Rs. '000'		
Effect on statement of profit or loss:			
Profit before tax	168,151	21,697	189,848
Taxation	(210,178)	-	(210,178)
Loss after tax	(42,027)	21,697	(20,330)
Loss per share	(0.14)	0.07	(0.07)

PRADS

5 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Operating fixed assets	5.1	**808,537**	817,797

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2019	Additions/	(Disposals)	As at June 30, 2020	As at July 01, 2019	For the year	(On disposals)/ transfers	As at June 30, 2020	As at June 30, 2020	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	5.1.1	3,020	-	-	3,020	-		-	-	3,020	-
Leasehold improvements		25,962	232		26,194	15,881	-	-	15,881	10,313	20%
Building on freehold land		625	-	-	625	561	4,058	-	4,619	(3,994)	5%
Apparatus, plant & equipment	5.1.2 & 5.1.3	7,591,021	157,110 *	-	7,748,131	6,851,202	149,435	-	7,000,637	747,494	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment		99,058	180	-	99,238	74,250	4,439	-	78,689	20,549	10%
Computers & related accessories	5.1.2	118,924	2,758	-	121,682	112,408	4,592	-	117,000	4,682	33%
Vehicles	5.1.2	34,624	940	-	35,564	25,023	576	-	25,599	9,965	20%
		7,904,109	161,220	-	8,065,329	7,110,200	163,100	-	7,273,300	792,029	
Leased Assets											
Plant & equipment		35,775	-	-	35,775	11,887	7,380	-	19,267	16,508	-
June 30, 2020		7,939,884	161,220	-	8,101,104	7,122,087	170,480	-	7,292,567	808,537	

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The statement of operating fixed assets for the last year is as follows:

	Cost				Accumulated depreciation				W.D.V.	
	As at July 01, 2018	Additions/ transfers*	(Disposals)	As at June 30, 2019	As at July 01, 2018	For the year	(On disposals)/ transfers	As at June 30, 2019	as at June 30, 2019	Depreciation rate per annum
	(Rs. In '000')									
Owned										
Freehold land	3,020	-	-	3,020	-		-	-	3,020	-
Leasehold improvements	25,962	-	-	25,962	11,620	4,261	-	15,881	10,081	20%
Building on freehold land	625	-	-	625	530	31	-	561	64	5%
Apparatus, plant & equipment	7,496,514	94,507	-	7,591,021	6,704,726	146,476	-	6,851,202	739,819	5-33%
Signboards	30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment	95,699	3,359	-	99,058	69,805	4,445	-	74,250	24,808	10%
Computers & related accessories	115,667	3,325	(68)	118,924	107,564	4,857	(13)	112,408	6,516	33%
Vehicles	38,893	2,280	(6,549)	34,624	29,382	2,190	(6,549)	25,023	9,601	20%
	7,807,255	103,471	(6,617)	7,904,109	6,954,502	162,260	(6,562)	7,110,200	793,909	
Leased Assets										
Plant & equipment	35,775	-	-	35,775	4,864	7,023	-	11,887	23,888	-
June 30, 2019	7,843,030	103,471	(6,617)	7,939,884	6,959,366	169,283	(6,562)	7,122,087	817,797	

* This represents transfer from capital work-in-progress amounting to Rs. 0.232 (2019: nil) million.

5.1.1 Freehold land and building on freehold land is situated at Regional Engineering Office, near gatwala bridge, Sheikhupura road, Faisalabad measuring 5 canal 18 marla which are duly registered in the name of the Group.

5.1.2 The cost of fully depreciated asset as at June 30, 2020 is Rs. 6,813.874 (2019: Rs. 6,704,866) million.

5.1.3 Equipment, costing Rs. 934.979 (2019: Rs. 934.979) million, having a net book value of Rs. 325.76 (2019: Rs. 240.600) million are in the possession of the customers of the Group in the ordinary course of business.

	Note	June 30, 2020	June 30, 2019
		--- (Rupees in '000') ---	
5.2 Depreciation for the year has been allocated as follows:			
Direct costs	29	149,351	146,392
Administrative expenses & distribution costs	30	21,129	22,891
		170,480	169,283

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6. INTANGIBLE ASSETS

	Note	June 30, 2020	June 30, 2019
		--- (Rupees in '000') ---	
Intangible assets	6.1	79,856	82,050
Capital work in progress- Software	6.3	1,448	-
		81,304	82,050

6.1 The statement of intangible assets is as follows:

		Cost			Accumulated amortisation			W.D.V.	
	Note	As at July 01, 2019	Addition during the year	As at June 30, 2020	As at July 01, 2019	For the year	As at June 30, 2020	as at June 30, 2020	Period years
		Rupees in '000'							
LL Licenses	6.1.1	8,120	-	8,120	6,090	406	6,496	1,624	16-20
LDI License	6.1.2	29,029	-	29,029	21,156	1,548	22,704	6,325	18-20
Computer software		39,776	-	39,776	39,536	240	39,776	-	5
Goodwill		118,523	-	118,523	46,616	-	46,616	71,907	
June 30, 2020		195,448	-	195,448	113,398	2,194	115,592	79,856	

The statement of intangible assets for the last year is as follows:

		Cost			Accumulated amortisation			W.D.V.	
	Note	As at July 01, 2018	Addition during the year	As at June 30, 2019	As at July 01, 2018	For the year	As at June 30, 2019	as at June 30, 2019	Period years
		Rupees in '000'							
LL Licenses	6.1.1	8,120	-	8,120	5,684	406	6,090	2,030	16-20
LDI License	6.1.2	29,029	-	29,029	19,608	1,548	21,156	7,873	18-20
Computer software		39,776	-	39,776	39,276	260	39,536	240	5
Goodwill		116,864	1,659	118,523	46,616	-	46,616	71,907	
June 30, 2019		193,789	1,659	195,448	111,184	2,214	113,398	82,050	

PRAD

6.1.1 These represent cost of non-exclusive licenses granted by the PTA to the Group for providing certain telecommunication services in the specified regions of the country and for establishing, maintaining and operating a telecommunication system, in accordance with the terms and conditions of the licenses. The licenses are effective for a period of 16-20 years, commencing August 04, 2004.

6.1.2 This represent cost of non-exclusive license granted by the PTA to the Group for providing the LDI telecommunication services in the country for a effective period of 18-20 years, commencing July 27, 2004.

		Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
6.2	**Amortization for the year has been allocated as follows**			
	Direct costs	29	**1,954**	1,954
	Administrative expenses & distribution costs	30	**240**	260
			2,194	2,214
6.3	**Capital work in progress- Intangibles**			
	Opening balance		-	-
	Additions		**1,448**	-
	Closing balance		**1,448**	-
7.	**RIGHT-OF-USE ASSETS**			
	As at July 01, 2019			
	Cost (Impact of initial application of IFRS 16)		**92,361**	-
	Accumulated depreciation		-	-
	Net book value		**92,361**	-
	Year ended June 30, 2020			
	Opening net book value		**92,361**	-
	Depreciation for the year	7.1	**(27,207)**	-
	Closing net book value		**65,154**	-
	As at June 30, 2020			
	Cost		**92,361**	
	Accumulated depreciation		**(27,207)**	
	Net book value		**65,154**	-
7.1	**Depreciation charge for the year on right-of-use assets has been allocated as follows:**			
	Direct costs	29	**24,811**	-
	Administrative expenses & distribution costs	30	**2,396**	-
			27,207	-

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8.	LONG-TERM DEPOSITS	Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
	Security deposits - considered good			
	Line deposits – PTCL		**44,315**	44,315
	Deposit to foreign satellite bandwidth providers		**23,476**	23,476
	Rented premises		**3,018**	3,018
	China Orient Telecom Satellite Group		**6,473**	6,509
	Guarantee margin		**9,100**	5,500
	Others		**1,962**	1,539
			88,344	84,357

9. LONG-TERM INVESTMENT

	Note	June 30, 2020	June 30, 2019
At fair value through other comprehensive income (FVOCI)			
Augere Holdings (Netherlands) B.V.	9.1	**480,630**	480,630
Loss allowance for ECL		**(480,630)**	(480,630)
		-	-

9.1 For the purpose of impairment testing, the carrying amount of investment has been compared with the estimated recoverable amount, determined on the basis of fair value, as the investee Group has negative equity and the Group does not expect any cash flows from the investment in the foreseeable future. Accordingly, fair value is estimated as Nil (2019: Nil) and the entire carrying amount of investment has been impaired.

9.2 Disclosures in respect of foreign investment as required by Companies Act, 2017 are as follows:

Name	Augere Holdings
Jurisdiction	Prins Bernhardplein 200 Amsterdam, 1097 JB
Date of investment	February 24, 2012
Beneficial owner	Not available
Investment in foreign currency	USD 5.305 million against issuance of credit note

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	June 30, 2020	June 30, 2019
	--- (Rupees in '000') ---	
10. DEFERRED TAXATION		
Deferred tax credits arising on		
Accelerated tax depreciation	**(43,649)**	(24,192)
Amortisation of intangible assets	**(2,305)**	(2,872)
	(45,954)	(27,064)
Deferred tax debits arising from		
Retirement benefits	**2,450**	2,324
Accelerated tax depreciation	**1,886**	1,886
Provisions	**373,168**	353,897
Leases	**18,022**	-
Tax losses brought forward	**35,722**	40,199
	431,248	398,306
	385,294	371,242
Deferred tax asset not recognized	**(48,711)**	(38,277)
	336,583	336,583

10.1 Being prudent and based on future projections, the Group has not recognized deferred tax asset amounting to Rs. 48.711 million (2019: 38.277 million).

	Note	June 30, 2020	June 30, 2019
		--- (Rupees in '000') ---	
11. COMMUNICATION STORES			
Stores		**110,413**	109,501
Provision against slow moving stores	11.1	**(10,743)**	(10,743)
		99,670	98,758
Consumables		**29,393**	29,393
		129,063	128,151
11.1 Provision against slow moving stores			
Balance at the end of the year		**10,743**	10,743
12. TRADE DEBTS			
Unsecured - considered good			
Related parties	12.1	**-**	4,566
Others		**1,513,272**	1,555,663
		1,513,272	1,560,229
Considered doubtful			
Loss allowance for debts considered doubtful	12.2	**(128,186)**	(129,965)
		1,385,086	1,430,264

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		June 30, 2020	June 30, 2019
		--- (Rupees in '000') ---	
12.1	**Related parties**		
	Arfeen International (Private) Limited *	-	1,887
	World Trade Centre (Private) Limited *	-	-
	Grand Leisure Corporation (Private) Limited *	-	1,587
	Envicrete Limited *	-	702
	Port Grand Limited*	-	390
		-	4,566

* These parties are no longer related to the Group by the virtue of common directorship during the current reporting period.

		Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
12.2	**Loss allowance for ECL**			
	Opening balance		**129,965**	81,597
	Recognition of loss allowance under transition provision of IFRS 9		-	45,125
	Adjusted opening balance		**129,965**	126,722
	Charge for the year	30	**390**	3,243
	Reversal of charge	32	**(2,169)**	-
			128,186	**129,965**

12.3 As at June 30, 2020 the ageing analysis of unimpaired trade debts is as follows:

		Past due but not impaired		
	Total	**Neither past due nor impaired**	**> three months upto one year**	**> 1 year**
	--- (Rupees in '000') ---			
Others	**1,385,086**	139,817	301,061	944,208
Related party	-	-	-	-
June 30, 2020	**1,385,086**	139,817	301,061	-
Others	1,425,698	234,993	484,243	706,462
Related party	4,566	602	1,496	2,468
June 30, 2019	1,430,264	235,595	485,739	708,930

		Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
13.	**LOANS AND ADVANCES**			
	Loans- unsecured			
	Considered good			
	World Trade Center (Private) Limited *	13.1	**30,000**	30,000
	Advances – unsecured			
	Considered good			
	Executives	13.2	**3,923**	3,807
	Employees		**33,145**	17,761
	Suppliers		**74,577**	41,534
			111,645	63,102
			141,645	93,102

PRA83

13.1 This represent short term loan to World Trade Centre (Private) Limited, carrying mark-up rate of 3 months KIBOR plus 2.40% (2019: 3 months KIBOR plus 2.40%) per annum.

* This company ceased to be related parties by the virtue of change in directorship during the current reporting period.

13.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 4.123 (2019: Rs.3.902) million.

		Note	June 30, 2020	June 30, 2019
			--- (Rupees in '000') ---	
14.	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Earnest money		**30,470**	21,260
	Margin against guarantee		**5,487**	6,726
	Others		**20,975**	20,670
			56,932	48,656
	Considered doubtful			
	Earnest money		**2,441**	2,441
	Loss allowance against deposits considered doubtful		**(2,441)**	(2,441)
			-	-
	Prepayments			
	Rent		**12,024**	8,912
	Interconnect operators		**6,352**	1,420
	Others		**3,570**	2,531
			21,946	12,863
			78,878	61,519
15.	**ACCRUED MARK-UP**			
	Due from a bank		**7,000**	7,000
	Mark-up on current accounts with related parties	15.1	**-**	17,793
	Others		**20,348**	-
			27,348	24,793
15.1	**Related parties ***			
	Arfeen International (Private) Limited		**-**	12,866
	World Trade Centre (Private) Limited		**-**	4,927
			-	17,793

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

PRAYS

	Note	June 30, 2020	June 30, 2019 (Restated)
		--- (Rupees in '000') ---	
16. OTHER RECEIVABLES			
Considered good			
Related parties	16.1	-	1,586
Others			
Karachi Relief Rebate	16.2	**325,771**	325,771
Amount withheld by PTCL against PTA-Escrow		**96,041**	96,041
In Escrow account with PTA		**345,594**	345,594
Pakistan Telecommunication Authority - APC for USF	16.3	**1,547,559**	1,723,976
Pakistan Telecommunication Authority - ARFSF	16.4	**48,135**	45,894
Pakistan Telecommunication Authority - others	16.5	**117,197**	125,343
Claim against a bank	16.6	**998**	998
Insurance claims		**3,214**	2,938
Due from a contractor		**2,798**	4,613
Punjab Revenue Authority (PRA)	16.7	**34,956**	34,956
Deposit with FBR under tax amnesty scheme	16.8	**2,991**	2,991
Others		**15,139**	11,388
		2,540,393	2,720,503
Considered doubtful			
Due from PTCL against WPS	16.9	**243,890**	243,890
Pakistan Telecommunication Authority	16.3	**76,428**	-
Karachi Relief Rebate		**325,770**	325,770
		646,088	569,660
Loss allowance for receivables considered doubtful	16.10	**(646,088)**	(569,660)
		-	-
		2,540,393	2,722,089
16.1 Related parties			
Instaphone (Private) Limited *		-	-
Grand Leisure Corporation (Private) Limited *		-	747
Envicrete Limited *		-	839
Arfeen International (Private) Limited *		-	-
		-	1,586

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

16.2(a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Group in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.280 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.930 million. The Court, during the year ended June 30, 2002, passed an interim order in favour of the Group and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

PRAN

As the Court already passed an interim order in August 2001 in favour of the Group, the management and legal advisor of the Group is confident that the recovery of the amount accrued would be as prayed by the Group. However, as a matter of prudence, the Group had partially provided the said amount last year.

16.2(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Group for the recovery of Rs.334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Group. In the opinion of the legal advisor of the Group, if it is decided by the Court that the Group is not entitled to the Karachi Relief Rebate and the decision is against the Group, then the Group would have to pay only the above amount on account of Karachi Relief Rebate. If, however, it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Group to the PTCL but in fact the Group would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above-referred legal advisor, there is likelihood that the Plaintiff will not succeed in its claim in this suit. Accordingly, pending the decision of the Court in this respect, the Group has not made any provision for the aforesaid claim in these financial statements. The Court, in its order dated June 25, 2003, ordered the Group not to create third party interest on its fixed assets as well as undertakings except in the ordinary course of business till the disposal of this case.

16.3 The Group, along with certain other LDI Licensees had challenged the vires of AP Rules, 2004 and AP Regulations, 2005 (AP Rules and Regulations) which required the LDI Operators to make Access Promotion Contributions to the Universal Service Fund (APC for USF) on all international incoming minutes terminated on mobile networks. Consequently, all payments made by the Group on account of APC for USF were booked as receivables in the accounts totaling to Rs. 1,988.466 million. This litigation of the LDI Licensees has been dismissed by the Supreme Court of Pakistan has ruled against the LDI Licenses in this litigation, while a Review Petition is pending before it.

Over the years, the PTA has demanded additional APC for USF payments through its Determinations from most of the LDI Operators including the Group. The additional amount claimed by the PTA from the Group is Rs. 2,556.589 (net of the Rs. 345.594 million held in Escrow by the PTA). In addition to, and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of the LDI Licensees including the Group have filed the Determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the Policy, terms of the License, APC Rules and Regulations in calculating these amounts, b) that in any case the amounts demanded by the PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunction has been granted USF. Appeals of the Group and certain other LDIs are pending adjudication before the Sindh High Court, while appeals of a few LDI Licensees have been decided in favour of the LDI Licensees by the Lahore High Court on similar grounds. The amount refundable to the Group in case of a successful outcome of its appeal is Rs. 1,547.559 million.

In light of the above during the year ended June 30, 2018, the management reduced its receivable by Rs. 207.01 million and during the current year, the group has further reduced the same by Rs. 99.988 million to Rs. 1,547.559 million in order to bring it in line with its contention in the appeals pending before the Sindh High Court. The Group has also reclassified Rs. 54.988 million from Receivable from PTA (APC for USF) to Receivable from PTA (others) on the grounds that PTA has accounted for this amount under late payment fee and not APC for USF (as disclosed in note 16.5). Moreover, the management has also provided Rs. 76.428 million during the year as a matter of prudence and being the amount not claimed in pending appeals, however, the Group intends to challenge the same in future. It is also pertinent to point out that these claims relate to the period ending September 2012, and the APC Regime has been subsequently terminated by the MOIT and PTA.

Peads

16.4 This represent principal amount and late payment fees paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. The Group surrendered its WLL license to PTA in August, 2016 as fully mentioned in note 23.2.1 which is yet pending settlement from PTA, however, the Group was forced to make payments on this account. Payment of ARFSF for FY 2017 were inadvertently expensed out by the Group during the year ended June 30, 2018 which has been rectified during the year as fully mentioned in note 4.22 to the financial statements.

16.5 This amount represent payments made to PTA on account of Late Payment Additional Fees (LPAF) relating to Annual Regulatory Dues (ARD), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions amounting in aggregated to Rs 156.864 million out of which Rs. 101.876 million paid pursuant to Court Order during the year 2018 and Rs. 54.988 million paid during the year 2010.

The Group has challenged the Court Order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management is confident that the same is on plausible grounds. Nevertheless, the Group has charged-off partial amount (Rs 45.55m out of Rs. 101.876m), during the last year, as a matter of prudence. This also includes refund received from PTA on account of over payment against USF and R&D which shall be adjusted against future payments.

16.6 This represents amount due from a bank in respect of the PTCL bills paid by the Group to the bank but not passed over to the PTCL. The Group has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2019: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (2019: Rs. 8.250) million, against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these consolidated financial statements.

16.7 The PRA Lahore issued a demand of Rs. 1,333.312 million for the years 2014 and 2015 vide Order No. 74 dated August 13, 2018. The order was challenged before the Commissioner Appeal (PRA) Lahore who set aside the original demand vide order No. 299/2018 dated February 06, 2019 released on April 05, 2019. The tax authorities had attached the Group 's account on March 30, 2019 and withheld an amount of Rs. 34.956 million. Since the order has been decided in favour of the Group hence the amount shall be refunded by the tax authorities.

16.8 During the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Group as assessed in default for non-deduction of withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004 and raised a demanded Rs. 2.797 million in respect of tax not deducted and Rs. 2.414 million in respect of default surcharge. The Group filed an appeal before the Commissioner Inland Revenue (Appeals)(CIRA) which was rejected. The Group filed second appeal before the Appellate Tribunal Inland Revenue(ATIR), which is pending adjudication and the Group made a payment of Rs. 2.605 million, being 50% of above stated tax demand. Later on the Group opted to avail benefit of tax amnesty scheme vide Notification SRO 547/(I)/2012 dated May 22, 2012 in respect of waiver of default surcharge and made further payment of Rs.191,576 and informed the Officer Inland Revenue (OIR) that since the Group has paid the original tax demand, the default surcharge stood waived. The OIR rejected the Group's plea and demanded the payment of default surcharge. Group filed a appeal before the CIRA which was rejected.

The Group had filed second appeal before the ATIR. The ATIR after hearing remanded back the case to CIRA for careful consideration of the evidence of payment of tax by the Group. As per the legal advisor, on the conclusion of pending proceedings the tax paid by the Group would become refundable.

PRA23

16.9 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs.1,020.324 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement, the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Group has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Group has also filed a claim for damages in the sum of Rs. 2,300.000 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

In earlier years the Group was forced to make payments of some disputed amounts to the tune of Rs. 727.303 million, which are recorded as a receivable by the Group in its accounts, and were subsequently provided for. However, after a thorough review of the Claim and Counter Claim filed in the Arbitration proceedings, and the available record, the Group has decided to adjust the receivable amount against the liability recorded in the books of the Group on account of the WPS Agreement. Consequently, provisioning to the amount of Rs. 483.413 million has been reversed in prior period, and the receivable has been settled against the corresponding liability (please see note 24.1). An amount of Rs. 243.890 million appears as the residual receivable from PTCL on this account, consistent with its position in the Arbitration proceedings. However, this amount remains fully provided for. The corresponding liability is fully written-back during the year.

		Note	June 30, 2020	June 30, 2019
			---- (Rupees in '000') ----	
16.10	**Loss allowance for other receivables considered doubtful**			
	Opening balance		**569,660**	569,660
	Loss allowance against APC for USF from PTA		**76,428**	-
			646,088	569,660
17.	**TAXATION – NET**			
	Advance income tax		**653,284**	596,059
	Provision for taxation – current	34.1	**(325,865)**	(282,600)
			327,419	313,459
18.	**CASH AND BANK BALANCES**			
	Cash at banks			
	In current accounts			
	Local currency		**26,166**	41,022
	Foreign currency		**2,463**	3,702
			28,629	44,724
	In savings accounts			
	Local currency		**58,729**	149,511
	Cash in hand		**60**	70
			87,418	194,305

PRA25

18.1 These carry mark-up at rates, ranging between 3.1 % to 11.9% (2019: 2.02% to 10.30%) per annum.

	June 30, 2020	June 30, 2019
	---- (Rupees in '000') ----	

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2020	June 30, 2019			
Number of shares				
300,000,000	300,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	3,000,000	3,000,000

19.1 As at reporting date, chief executive officer, directors and their spouses held 7.60% (2019: 8.68%), related parties held nil (2019: 1.83%) and the balance of 92.40% (2019: 89.49%) are held by individuals and others.

19.2 All ordinary shares rank equally with regard to residual assets of the Group. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting rights, board selection, right of first refusal and block voting are in proportion to shareholding.

20. LONG-TERM FINANCING

	Note	June 30, 2020	June 30, 2019
		---- (Rupees in '000') ----	
Secured			
From banks and financial institutions			
Term Finance	20.1	70,313	85,938
Diminishing Musharaka-I	20.2	3,500	9,500
Diminishing Musharaka-II	20.3	108,614	-
Finance lease obligations		-	1,009
		182,427	96,447
Current maturity:			
Demand Finance	26	(15,625)	(31,250)
Diminishing Musharaka-I	26	(3,500)	(6,000)
Diminishing Musharaka-II	26	(24,120)	-
Finance lease obligations	26	-	(1,009)
Current maturity shown under current liabilities		(43,245)	(38,259)
		139,182	58,188
Term finance certificates	20.4	736,190	736,190
Overdue instalments	26	(570,541)	(294,471)
Current maturity shown under current liabilities	26	(165,649)	(276,070)
		-	165,649
		139,182	223,837

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20.1 This facility was obtained from a commercial bank during 2017. The loan is repayable in 16 equal quarterly instalments after a grace period of one year with the first instalment starting from January, 2018. This carries mark-up at the rate of six month KIBOR plus 2.4 % per annum payable quarterly. The facility is secured against hypothecation charge over plant and machinery, first pari pasu charge on current assets of the Group, pledge on shares of Holding Group and third party equitable mortgage on property. During the year the State Bank of Pakistan (SBP) through BRD circular letter no. 13 of 2020 announce the relief package to dampen the effect of COVID-19 on corporate availing financing facilities and subsequently, vide its letter ERD/M&PRD/PR/01/2020-35 extend the relief to the borrowers availing the financing facility. The group has availed the aforementioned facility and as a result of this the remaining quarterly instalments are deferred for one year.

20.2 This facility is obtained from a commercial bank for the purpose of capital expenditure during the year. This facility is repayable in 36 monthly equal instalments carrying profit at the rate of 6 month KIBOR with a floor of 2% per annum. The facility is secured by way of first pari passu charge over current assets, 20% cash margin over fixed asset and cross corporate guarantee of the Holding Group.

20.3 During the reporting period, a rescheduling agreement dated December 03, 2019 has been reached between the Group and the bank in respect of diminishing musharaka facility. In terms of this agreement, an upfront payment of Rs. 25 million has been made by the Group, and as a result, the accrued mark-up amounting to Rs. 20.459 million upto the date of rescheduling agreement have been waived-off, which has been fully written-back as income to the statement of profit or loss during the year.

The facility is repayable in 20 equal quarterly instalments of Rs. 6.03 million each, with first instalment commencing from February, 2020. This facility carries mark-up at the rate of 3 month KIBOR with a floor of 7.5% payable quarterly, with first quarterly instalment of mark-up commencing from November, 2022 (after grace period of 2 years from date of rescheduling). This facility is secured against pari passu charge over the current assets and ranking charge over the fixed assets of the Group.

20.4 This represents listed Term Finance Certificates (TFC's) issued by the Group. Effective from December 31, 2015 these TFC'c have been restructured for the period of five years carrying mark-up payable on quarterly basis and principal amount redeemable in 12 unequal quarterly instalments starting from March 31, 2018. These TFC's carry mark-up at the rate of three months KIBOR (2019: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs. 800.00 (2019: Rs.800.00) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

PRAYS

	June 30, 2020	June 30, 2019
	-- (Rupees in '000') --	

21. CONTRACTUAL LIABILITY TO A CONTRACTOR

Unsecured		
Contractual liability to a contractor	**337,900**	344,080
Taken to income during the year	**(1,030)**	(6,180)
	336,870	337,900

21.1 On April 30, 2010, the Group received payment on account of provision of infrastructure services to the contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million to be issued by the Group.

21.2 Although the Agreement does not specify the period in which such infrastructure services are to be provided by the Group to the contractor, it is assumed that the balance value of the Credit Note is available for the Group utilization over the balance life of LL licences. Since the Credit Note in question has not been finalized to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

	June 30, 2020	June 30, 2019
	-- (Rupees in '000') --	

22. LEASE LIABILITIES

Lease liabilities	**69,273**	-
Current portion of lease liabilities	**(24,047)**	-
	45,226	-

22.1 Reconciliation of the carrying amount is as follows:

Initial application of IFRS 16 on July 1, 2019	**89,211**	-
Accretion of interest	**11,323**	-
Lease rental payments made during the year	**(31,261)**	-
Lease Liability as at June 30, 2020	**69,273**	-
Current portion of lease liabilities	**(24,047)**	-
Long-term lease liabilities as at June 30, 2020	**45,226**	-

PRAYS

		Note	June 30, 2020	June 30, 2019
			-- (Rupees in '000') --	
22.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**17,512**	-
	Later than one year but not later than five years		**67,169**	-
			84,681	-
	Future finance charge		**(15,408)**	-
	Present value of finance lease liabilities		**69,273**	-
23.	**DEFERRED LIABILITIES**			
	Staff gratuity	23.1	**8,446**	8,008
	Spectrum fee payable	23.2	-	-
			8,446	8,008
23.1	**Staff gratuity**			
	Reconciliation of obligations as at year end			
	Present value of defined benefit obligation	23.1.1	**8,446**	8,008
23.1.1	**Movement in liability**			
	Net liability at beginning of the year		**8,008**	7,982
	Charge for the year		**438**	442
	Benefits paid during the year		-	(416)
			8,446	8,008

23.1.2 Principal actuarial assumptions

The latest valuation was carried out on June 30, 2018, using Projected Unit Credit Method. Following assumptions had been used for valuation of the scheme:

	June 30, 2020	June 30, 2019
Expected rate of increase in salaries, per annum	**7.00%**	7.00%
Expected discount rate, per annum	**10.50%**	10.50%

PRAXS

	2020	2019	2018	2017	2016
23.1.3 Comparison for five years	----------------	----------------	(Rupees in '000')	----------------	----------------
Present value of defined benefit obligation	8,446	8,008	7,982	5,808	6,264

	June 30, 2020	June 30, 2019
	----(Rupees in '000')----	
23.2 Spectrum fee payable	**317,100**	317,100
Offered to PTA shown as current maturity	**(317,100)**	(317,100)
	-	-

23.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Group, as referred to in note 6. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. On March 10, 2010, the Group received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal instalments, commencing from the year 2009. However, few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Group on June 02, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The Group instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set aside. However, during the year ended June 30, 2011, the MoIT vide its letter dated August 30, 2011, accepted the long outstanding request of the WLL industry and instructed the PTA to collect the balance fees in instalments.The appeal of the Group against the Determination was turned down by IHC, which resulted in PTA issuing a letter cancelling the Group's WLL Licenses and withdrawing the frequency spectrum for non-payment of the balance Initial Spectrum Fee.

Given the contradictory positions taken by the PTA and the MOIT, the Group was constrained to undertake further litigation to protect its position and rights, including seeking suspension of PTA's cancellation letter and approaching the IHC for implementation of the MOIT's Order to receive the balance ISF in instalments. This request was granted by the IHC in December 2013, and it instructed the PTA to receive the amount in instalments. In order to implement the decision, the MOIT instructed the PTA to finalise the instalment plan with the WLL Operators. However, instead of complying with the order of IHC and instructions from the MOIT, the PTA chose to file an Intra Court Appeal (ICA) against the Order of the IHC, and the matter remained unresolved. During this year, the Group attempted to make the payment in instalment, but such payment was also rejected. Eventually, the ICA was decided against the Group, whereby its request to make the payment of the balance Initial Spectrum Fee in instalment was rejected. The Group filed a CPLA in the Supreme Court of Pakistan against the decision of the IHC, but in the absence of any suspension order issued by the Supreme Court, the earlier decision of PTA withdrawing the spectrum from the Group became effective. In June 2018, the Group withdrew its CPLA from the Supreme Court on the basis that the Spectrum already stood withdrawn from the Group, and it wanted to settle accounts with PTA on the basis of the actual period of usage by the Group.

PEADS

As a consequence of the above, during the year ended June 30, 2018, under review the outstanding liability on this account was reduced to Rs. 317.100 million on the basis that the License has been paid for until August 2014 (representing 50% of the 20 year life starting from August 2004), and the Group has offered to pay Rs.317.100 million (Settlement Amount) representing balance ISF liability for an additional 2 years, despite the fact that the PTA had issued a letter withdrawing the Spectrum earlier, and the Group had not been using the Spectrum since at least 2015. . This settlement being at an advanced stage is pending confirmation from PTA.

24. TRADE AND OTHER PAYABLES

	Note	June 30, 2020	June 30, 2019
		----(Rupees in '000')----	
Pakistan Telecommunication Group Limited (PTCL)			
LL & LDI charges		**56,677**	74,503
Others		**542**	786
		57,219	75,289
Interconnect operators		**12,314**	12,520
Others	24.2	**986,051**	974,249
		1,055,584	1,062,058
Other payables			
Current accounts with related parties	24.1	-	149,501
Spectrum fee payable	23.2	**317,100**	317,100
Contractual liability to customers		**18,896**	59,597
Advances from franchisees		**200**	200
Unearned income		-	793
Accrued liabilities		**226,051**	290,844
Payable to employees provident fund		**2,254**	1,755
Workers' welfare fund		**7,746**	7,746
Others	24.3	**79,181**	28,773
		651,428	856,309
		1,707,012	1,918,367

24.1 During the year, long outstanding liabilities amounting to Rs. 31.868 million which are no longer payable were written back by the Company.

24.2 Related parties

	June 30, 2020	June 30, 2019
	----(Rupees in '000')----	
World Trade Centre (Private) Limited *	-	50,923
Arfeen International (Private) Limited *	-	33,582
Total Telecom Limited *	-	421
IIL (Private) Limited *	-	61,491
Chaman Investment (Private) Limited *	-	2,911
Port Grand Limited *	-	173
	-	149,501

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

PRAS

24.3 This includes an amount of Rs 40.370 million that carries mark up at the rate of 6% to 7% per annum and are payable on demand.

	Note	June 30, 2020	June 30, 2019
		----(Rupees in '000')----	
25. ACCRUED INTEREST/MARK-UP			
On secured			
Interest / mark-up against financing		215,951	132,256
On unsecured current accounts			
Related parties *		-	26,583
Others		29,203	-
		245,154	158,839

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

	Note	June 30, 2020	June 30, 2019
26. SHORT-TERM FINANCING			
Running finance from bank - secured	26.1	138,824	139,504
Current maturity of long term financing:			
Current maturity & overdue instalments of term term finance certificates	20.4	736,190	570,541
Current maturity of finance lease obligation		-	1,009
Current maturity of term finance	20.1	15,625	31,250
Current maturity of diminishing musharaka I	20.2	3,500	6,000
Current maturity of diminishing musharaka II	20.3	24,120	145,614
		779,435	754,414
		918,259	893,918

26.1 This represents running finance facility aggregated to Rs. 150.000 (2019: 150.000) million obtained by the Group for working capital purpose. This carry mark-up at the rate of 3 months KIBOR plus 2.4% (2019: 3 months KIBOR plus 2.4%) p.a which is payable quarterly. The facility is secured by way of hypothecation charge over fixed asset with 25% margin, first pari passu charge on current assets, pledge on shares and third party equitable mortgage. The unutilised facility amounts to Rs. 11.176 (2019: 10.496) million.

27. CONTINGENCIES AND COMMITMENTS

27.1 During the year ended June 30, 2011, the PTA issued a determination letter dated October 31, 2010 alleging that the Group has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 and demanded a sum of Rs. 56.470 million from the Group on account of short payment of APC for USF. The Group has filed a review petition challenging the same which is currently pending before the Supreme Court of Pakistan.

27.2 The Group filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.

27.3 During the year ended June 30, 2012, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs. 54.548 million. The Group has challenged the determination in the High Court of Sindh.

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27.4 During the year ended June 30, 2013, the Group filed an appeal before the Sindh High Court (SHC) for setting aside order dated June 30, 2012 passed by PTA whereby, PTA alleges that the Group is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted a stay and no coercive action can be taken by PTA.

27.5 The Group has filed a Constitutional Petition (CP) before the High Court of Sindh for setting aside the order dated April 30, 2013, passed by the Competition Commission of Pakistan (CCP) whereby ICH agreement is void in terms of the Competition Act. Court has granted a stay order and the matter is currently pending before the Competition Appellate Tribunal.

27.6 During the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.

The Competition Commission of Pakistan (CCP), during the year ended June 30, 2013, declared the ICH agreement as Illegal and had imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each. The Group instituted a Constitutional Petition before the High Court of Sindh for setting aside the order dated April 30, 2013 passed by CCP. The Sindh High Court had suspended the impugned order on September 05, 2013 and the matter is pending before Competition Appellat Tribunal.

27.7 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Group was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Group on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.812 million. The Group has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.

An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.923 million against the reported tax loss of Rs. 5.945 million. The Group had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Group, after admitting an adjustment of tax refundable, amounting to Rs. 4.529 million, against tax demand of Rs. 19.358 million, thus creating a final tax demand of Rs. 14.789 million. The Group has filed an appeal in the Court, which has not been heard to-date.

27.8 PTCL's claim amounting to Rs.1,632.840 (2019: Rs.1,630.461) million in respect of monthly billing has not been acknowledged as debt by the Group. The Group maintains that the said amount is overbilled by the PTCL.

27.9 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Group Limited, Thailand, in the High Court of Sindh against the Group for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 54.547 (2019: Rs. 52.949) million. Out of this amount, a sum of Rs. 20.675 (2019: Rs. 20.126) million had been withheld from the payments made by the Group to the above-referred entity. The balance amount of Rs. 33.732 (2019: Rs. 32.823) million has not been provided for in these consolidated financial statements as the Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter.

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27.10 A suit was filed by Huawei Technologies Group Limited, China in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs. 50.280 (2019: Rs.48.933) million and a compensation of US$270,000 [approximately Rs. 45.252 (2019: Rs. 44.039) million] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the Group in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to bé decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these consolidated financial statements.

27.11 The income tax assessments of the Group have been finalised up to and including the tax year 2014. While finalising the Group's income tax assessments for the assessment years 1997-98 to 2002-03, the Taxation Officer had not allowed credit of taxes paid by the Group, aggregating Rs. 17.078 million, on account of non-verifiability of payment challans. The Group through its tax consultants has applied for a rectification, the management is confident that the eventual outcome of the matter will be decided in favour of the Group. Accordingly, no adjustment has been made to the above, shown under advance income tax in relevant note, pending a final decision in this matter.

27.12 During the year ended June 30, 2013, the Group received notice under section 177 of the Income Tax ordinance 2001 for the tax year 2008 and subsequently tax demand of Rs. 15.398 million was raised, the Group has so far furnished evidence of Rs. 13.272 million while pursuing for remaining tax deductions evidences of Rs. 2.126 million and to submit details to the department. So far no action has been taken against the Group by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favour of the Group. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

27.13 The Group was issued a show cause notice by PTA stating that the Group was providing services beyond the scope of its license and issued an enforcement order on June 14, 2016 suspending the license of the Group for a period of 30 days. The Court suspended the impugned order dated June 14, 2016 and the case is at the stage of hearing of applications. The management is confident that the eventual outcome of the matter will be decided in favour of the Group. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

27.14 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 16.2 to these consolidated financial statements.

27.15 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 16.3 and 23.2.1 to these consolidated financial statements.

27.16 No provision on account of above contingencies including note 27.14 and 27.15 has been made in these consolidated financial statements as the management and the tax/ legal advisors of the Group are of the view, that these matters will eventually be settled in favour of the Group.

27.17 Counter guarantees given to banks amounting to Rs. 81.525 (2019: Rs. 89.918) million.

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	Note	June 30, 2020	June 30, 2019
		-----(Rupees in '000')-----	

28. REVENUE – NET

Turnover		3,625,759	3,995,712
Services rendered to the Contractor under the Network Agreement		1,000	6,000
Turnkey projects		167,052	198,422
Sale of equipment		116,228	23,802
		3,910,039	4,223,936

29. DIRECT COSTS

	Note	June 30, 2020	June 30, 2019
Salaries and other benefits	29.1	182,389	195,402
Interconnect charges – net		150,700	164,443
Network media charges		286,273	280,416
Short-term leases - network sites rental		44,345	-
Network sites rent		-	54,721
Network sites utilities and maintenance		107,621	125,754
Satellite bandwidth & communication charges		1,472,378	1,967,314
Cost of turn key projects		119,189	140,203
Communication stores consumed	29.2	85,769	16,809
Support service cost		16,986	34,285
Repairs and maintenance		853	1,020
Royalty	29.3	7,031	5,372
Consultancy		8,134	7,597
Conveyance and travelling		5,829	7,316
Communication		3,097	2,809
Insurance		6,881	6,147
Annual license fee		16,205	22,052
Depreciation on operating fixed assets	5.2	149,351	146,392
Depreciation on right-of-use assets	7.1	24,811	-
Amortisation	6.2	1,954	1,954
Others		20,744	35,493
		2,710,540	3,215,499

29.1 This includes a sum of Rs. 5.305 (2019: Rs. 4.631) million in respect of the Group's contribution towards provident fund.

	June 30, 2020	June 30, 2019
	-----(Rupees in '000')-----	

29.2 Communication stores consumed

Opening stock	128,151	121,711
Purchases	86,681	23,249
	214,832	144,960
Closing stock	(129,063)	(128,151)
	85,769	16,809

PRADS

29.3 The represents royalty, after incorporating adjustment of inter-operator payments, paid to PTA for the establishing, maintaining and operating of data Class Value Added Services (CVAS) in Pakistan under license granted on October 23, 2009 for the period of 15 years.

	Note	June 30, 2020	June 30, 2019
		-----(Rupees in '000')-----	
30. ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS			
Salaries and other benefits	30.1	**482,612**	463,469
Postage, telephone and telex		**1,998**	2,102
Vehicle running and maintenance		**14,871**	15,056
Travelling and entertainment		**10,351**	13,598
Office security and maintenance		**6,313**	7,059
Stationery		**2,420**	3,672
Short term leases -Rent and utilities		**81,520**	-
Rent and utilities		**31,084**	111,584
Insurance		**5,732**	6,349
Legal and professional		**16,642**	18,930
Auditors' remuneration	30.2	**4,527**	4,462
Sales promotion and marketing		**4,469**	2,168
Fee and subscription		**3,209**	2,884
Depreciation on operating fixed assets	5.2	**21,129**	22,891
Depreciation on right-of-use assets	7.1	**2,396**	-
Amortisation	6.2	**240**	260
Repair and maintenance		**8,303**	10,713
Communication		**3,076**	3,253
Provision for debts considered doubtful		**390**	3,243
Others		**18,212**	10,397
		719,494	702,090

30.1 This includes Rs. 0.438 million in respect of gratuity expense for the year (2019: Rs.0.442 million) and Rs.9.225 (2019: Rs.9.913) million in respect of the Group's contribution towards provident fund.

	June 30, 2020	June 30, 2019
	-----(Rupees in '000')-----	
30.2 Auditors' remuneration		
Fee for the audit of annual financial statements	**2,673**	2,643
Fee for the audit of consolidated financial statements	**350**	350
Fee for the review of half yearly financial statements and other certifications	**1,190**	1,190
Out-of-pocket expenses	**314**	279
	4,527	4,462

PRAS

		Note	June 30, 2020	June 30, 2019
			-----(Rupees in '000')-----	
31.	**OTHER OPERATING EXPENSES**			
	Exchange loss - net		51,844	98,104
	Receivable from PTA against APC for USF written-off		99,988	-
	Loss allowance against APC for USF from PTA		76,428	-
			228,260	98,104
32.	**OTHER INCOME**			
	Income from financial assets			
	Income on saving accounts		10,007	3,492
	Provision written back	12.2	2,169	-
	Liabilities no longer payable written back	24.1	31,868	151,992
			44,044	155,484
	Mark-up on loan to World Trade Center (Private) Limited		4,464	3,511
	Income from non-financial assets			
	Gain on sale of fixed assets		-	1,542
	Unrealised exchange gain - net		1,358	-
	Scrap sale		-	250
	Accrued mark-up written-back	20.3	20,459	-
	Others		250	-
			22,067	1,792
			70,575	160,787
33.	**FINANCE COSTS**			
	Mark-up on secured:			
	Long-term financing		12,669	13,124
	Term finance certificates		95,231	68,347
	Short-term financing		30,941	20,184
	Mark-up on current accounts with related parties		-	6,153
	Mark-up on current accounts with others		4,849	-
	Lease liabilities against ROU assets		11,323	-
	Finance lease obligation		65	-
	Bank charges		4,502	5,205
			159,580	113,013
34.	**TAXATION**			
	Current	34.1	240,775	281,307
	Prior		(2,904)	1,293
	Deferred		-	(3,618)
			237,871	278,982

34.1 The relationship between income tax expense and accounting profit has not been presented in these consolidated financial statements as the provision for taxation for the current year is based on minimum tax under section 113 of the Income Tax Ordinance, 2001.

The income tax assessments of the Group have been finalised up to and including the tax year 2018, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 27.7 & 27.11).

Years

		June 30, 2020	June 30, 2019
35.	**LOSS PER SHARE – BASIC AND DILUTED**		
	Loss attributable to the owners of the Holding Group (Rs in '000')	(73,912)	(22,965)
	Weighted average number of shares (In thousands)	300,000	300,000
	Basic loss per share (Rupees)	(0.25)	(0.08)

There is no dilutive effect on the basic earnings of the Group.

		Note	June 30, 2020	June 30, 2019
			----(Rupees in '000')----	
36.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		162,740	256,017
	Adjustments for non-cash charges and other items			
	Depreciation on operating fixed assets	5.2	170,480	169,283
	Depreciation on right-of-use assets	7.1	27,207	-
	Amortisation	6.2	2,194	2,214
	Provision for gratuity		438	442
	Unrealised exchange gain		(1,358)	(23,339)
	Finance costs		155,078	107,808
	Loss allowance for debts considered doubtful	12.2	(1,779)	3,243
	Accrued mark-up written-back		(20,459)	-
	Contractual liability to a contractor		(1,030)	(6,180)
	Liabilities no longer payable written-back		(31,868)	(151,992)
	Receivable from PTA against APC for USF written-off		99,988	-
	Loss allowance against APC for USF from PTA		76,428	-
	Gain on sale of fixed assets		-	(1,542)
			475,319	99,937
	Profit before working capital changes		638,059	355,954
	(Increase)/decrease in current assets			
	Communication stores		(912)	(6,440)
	Trade debts		46,957	(130,386)
	Loans and advances		(48,543)	18,673
	Deposits and prepayment		(17,359)	14,865
	Other receivables		5,386	(108,843)
	Accrued mark-up		(2,555)	3,277
			(17,026)	(208,854)
	Increase/ (Decrease) in trade and other payables		(183,107)	480,461
	Cash generated from operations		437,926	627,561

PRA

37. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

	2020			2019		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	------ (Rupees in '000') ------			------ (Rupees in '000') ------		
Managerial remuneration	13,082	7,312	245,819	8,516	3,290	144,617
Other perquisites and benefits:						
House rent	5,887	3,290	16,473	3,832	1,481	58,285
Medical	-	16	1,748	35	35	283
Retirement benefits	774	564	16,409	709	274	1,690
Prequisites and benefits	1,308	731	203,699	852	329	56,182
	7,969	4,601	238,329	5,428	2,119	116,440
	21,051	11,913	484,148	13,944	5,409	261,057
Number of persons	1	2	53	1	1	55

37.1 No remuneration has been paid to any of the non-executive directors during the year except fee for attending board meetings which were paid to 2 non-executive directors amounting to Rs. 0.3 million (2019: nil).

	Note	June 30, 2020	June 30, 2019
		----(Rupees in '000')----	
38. FINANCIAL INSTRUMENTS BY CATEGORY			
38.1 Financial assets at amortised cost			
- Long-term deposits	8	88,344	84,357
- Trade debts	12	1,385,086	1,430,264
- Short-term loan	13	30,000	30,000
- Short-term deposits	14	56,932	48,656
- Accrued mark up/ profit	15	27,348	24,793
- Other receivable	16	2,537,595	2,717,476
- Cash and bank balances	18	87,418	194,305
		4,212,723	4,529,851
38.2 Financial liabilities measured at amortised cost			
- Long-term financing	20	139,182	223,837
- Lease liabilities	22	45,226	-
- Trade and other payables	24	1,687,916	1,857,777
- Short-term financing	26	918,259	893,918
- Accrued mark-up	25	245,154	158,839
- Current portion of lease liabilities	22	24,047	-
- Unclaimed dividend		4,394	4,394
		3,064,178	3,138,765

PRAXS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The risk is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management. The Board of Directors supervises the overall risk management approach within the Group.

39.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices.

39.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2020, the Group is exposed to such risks mainly in respect of long and short-term financing and term finance certificates.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Group's profit by Rs. 10.07 (2019: 10.807) million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

39.1.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risk is as follows:

	June 30, 2020	June 30, 2019
	-------- US$	-------
Trade debts	**347,795**	737,414
Bank balances	**757**	276
Trade and other payables	**(2,992,040)**	(3,773,145)
	(2,643,488)	(3,035,455)

The following significant exchange rates have been applied at the reporting dates:

Exchange rate (Rupees)	**168.25**	164.00

The foreign currency exposure is partly covered as majority of the Group's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Group has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

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	Change in US dollar rate (%)	Effect on profit/(loss)	Effect on Equity
		----(Rupees in '000')----	
June 30, 2020	+10	(44,477)	(44,477)
	-10	44,477	44,477
June 30, 2019			
	+10	(49,781)	(49,781)
	-10	49,781	49,781

39.1.3 Equity risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2020 the Group is not exposed to equity price risk.

39.1.4 Credit risk

Credit risk is the risk that counterparty will cause a financial loss for the Group by failing to discharge its obligations. The table below analyses the Group's maximum exposure to credit risk.

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:

	June 30, 2020	June 30, 2019
	----(Rupees in '000')----	
Trade debts	**1,385,086**	1,430,264
Long-term deposits	**88,344**	84,357
Loan to a related party	**30,000**	30,000
Short term deposits	**56,932**	48,656
Other receivables	**2,537,595**	2,717,476
Accrued mark-up	**27,348**	24,793
Cash and bank balances	**87,358**	194,235
	4,212,663	4,529,781
Trade debts		
Customers with no defaults in the past one year	**1,385,086**	1,430,264
Bank balances		
A1+	**36,102**	10,388
A-1+	**37,614**	174,080
A-2	**200**	9,627
A-1	**310**	140
A-3	**13,132**	-
	87,358	194,235

PRADS

39.1.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group follows effective cash management and planning policy to ensure the availability of funds through committed credit facilities. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	(Rupees in '000')				
Long-term financing	570,541	165,649	139,182	-	875,372
Trade & other payables	317,100	1,370,816	-	-	1,687,916
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	245,154	-	-	-	245,154
Short-term financing	6,030	37,215	-	-	43,245
June 30, 2020	1,143,219	1,573,680	139,182	-	2,856,081

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	(Rupees in '000')				
Long-term financing	294,471	276,070	165,649	58,188	794,378
Trade & other payables	336,047	1,107,211	428,008	-	1,871,266
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	158,839	-	-	-	158,839
Short-term financing	285,118	38,259	-	-	323,377
June 30, 2019	1,078,869	1,421,540	593,657	58,188	3,152,254

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the consolidated financial statements. Maturity analysis of lease liabilities are disclosed in note 22.2 to the consolidated financial statements.

39.1.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or repriced periodically.

PRAS

International Financial Reporting Standard 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 (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

39.1.7 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide returns for shareholders.

The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt as follows:

	June 30, 2020	June 30, 2019
	----(Rupees in '000')----	
Total debts	1,443,814	1,434,855
Cash and cash equivalent	(87,418)	(194,305)
Debt	1,356,396	1,240,550
Issued, subscribed and paid-up capital	2,668,582	2,743,206
Total capital	2,668,582	2,743,206
Capital and debt	4,024,978	3,983,756
Gearing ratio	33.7%	31.1%

PRABS

40. TRANSACTIONS WITH RELATED PARTIES

The related parties include entities having directors in common with the Group, major shareholders of the Group, directors and other key management personnel and retirement benefit plans. Transactions with related parties, other than those disclosed elsewhere in the consolidated financial statements are as under:

	June 30, 2020	June 30, 2019
	----(Rupees in '000')----	
Entities having directors in common with the Group		
Arfeen International (Private) Limited *		
Services rendered	-	1,219
Mark-up charged to the Group	-	1,952
Rent charged during the year	-	5,520
World Trade Centre (Private) Limited *		
Service received	-	76,361
Services rendered	-	477
Mark-up charged to the group	-	4,201
Mark-up charged by the group	-	3,511
Envicrete Limited *		
Services rendered	-	517
Port Grand Limited *		
Services rendered	-	493
Services received	-	489
Provident Fund		
Contributions during the year	**14,530**	14,544
Instaphone Infrastructure (Private) Limited *		
Services rendered	-	264
Services received	-	1,658
Key management personnel		
Remuneration and benefits	**517,112**	280,410
Non-executive directors		
Meeting fee	**300**	-

40.1 Balances outstanding with related parties have been disclosed in the respective notes to the consolidated financial statements.

* These companies ceased to be related parties by the virtue of change in directorship during the current reporting period.

PRAS

41. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the fund:

	Note	June 30, 2020 (Un-audited) (Rs. in '000')		June 30, 2019 (Audited) (Rs. in '000')	
Size of the fund - total assets		106,319		89,089	
Cost of the investment made		89,370		72,596	
Fair value of investments	41.1	88,281		71,507	
Percentage of investments made		83.03%		80.26%	

41.1 The break-up of fair value of investments is:

		%		%
Bank balances/deposits	82,870	93%	66,096	92
Mutual funds	5,411	7%	5,411	8
	88,281		71,507	

The investment out of provident fund have been made in accordance with provision of Section 218 of the Companies Act, 2017.

42. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 561 (2019: 562) and average number of employees during the year were 558 (2019: 558).

43. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there was no material reclassification other than the following:

Reclassified from	Reclassified to	Amount in Rs '000'
Other receivables -Pakistan Telecommunication Authority - APC for USF	Other receivables -Pakistan Telecommunication Authority - others	54,988
Deposits and prepayments -Prepayments - interconnect operators	Deposits and prepayments -Deposits - others	18,185
Trade debts -Others	Trade and other payables -Contract liability to customers	6,231
	-Others	3,100

PRADS

44. COVID-19 'PENDAMIC'

On March 11, 2020, the World Health Organization (WHO) declared the 2019 Novel Coronavirus (the "COVID-19") outbreak a pandemic. In response to this, the Federal and Provincial Governments in Pakistan took various measures including imposition of lockdown in the last week of March 2020 which affected the business operations and resulted in adverse economic conditions throughout the Country. The Group complied with the Standard Operating Procedures (SOPs) as prescribed by the Federal and Provincial Government.

The management has assessed accounting implications of the COVID-19 on these consolidated financial statements including but not limited to ECLs under IFRS 9 'Financial Instruments', impairment of non-financial assets under IAS 36 'Impairment of assets', recognition of deferred tax assets under IAS 12 'Income Taxes', contingencies under IAS 37 'Provisions, Contingent Liabilities and Contingent Asset', amendments to IFRS 16 regarding rent concessions, preparation of consolidated financial statements on a going concern basis etc., According to management's assessment, there is no impact/accounting implication of COVID-19 on these consolidated financial statements.

45. AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 01 Oct 2020 by the board of directors of the Group.

46. GENERAL

Figures in these consolidated financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

PRAD

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

TELECARD LIMITED
COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS
AS AT 30/06/2020

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
169	1	-	100	6,440
515	101	-	500	236,832
663	501	-	1000	655,935
1,466	1001	-	5000	4,599,189
620	5001	-	10000	5,210,534
236	10001	-	15000	3,147,896
184	15001	-	20000	3,474,595
139	20001	-	25000	3,288,088
92	25001	-	30000	2,669,619
50	30001	-	35000	1,647,287
44	35001	-	40000	1,697,500
32	40001	-	45000	1,381,617
83	45001	-	50000	4,086,753

25	50001	-	55000	1,335,500
27	55001	-	60000	1,573,950
15	60001	-	65000	941,562
13	65001	-	70000	894,000
20	70001	-	75000	1,484,005
20	75001	-	80000	1,573,629
8	80001	-	85000	666,000
10	85001	-	90000	883,500
14	90001	-	95000	1,309,500
59	95001	-	100000	5,885,000
10	100001	-	105000	1,024,201
9	105001	-	110000	981,000
5	110001	-	115000	565,500
7	115001	-	120000	829,700
9	120001	-	125000	1,121,000

2	125001	-	130000	254,500
4	130001	-	135000	535,500
6	135001	-	140000	833,000
5	140001	-	145000	719,500
15	145001	-	150000	2,235,500
2	150001	-	155000	309,000
3	155001	-	160000	479,000
2	160001	-	165000	324,000
2	165001	-	170000	333,392
1	170001	-	175000	175,000
1	175001	-	180000	180,000
3	180001	-	185000	553,500
2	185001	-	190000	380,000
3	190001	-	195000	579,000
14	195001	-	200000	2,800,000

3	200001	-	205000	601,604
4	205001	-	210000	836,500
3	210001	-	215000	638,500
2	215001	-	220000	440,000
2	220001	-	225000	446,940
3	230001	-	235000	697,000
3	240001	-	245000	730,500
9	245001	-	250000	2,249,000
1	250001	-	255000	250,435
1	255001	-	260000	260,000
1	270001	-	275000	272,000
1	275001	-	280000	277,470
2	280001	-	285000	565,000
1	285001	-	290000	289,000
14	295001	-	300000	4,197,000

1	300001	-	305000	301,000
1	305001	-	310000	309,000
3	315001	-	320000	955,000
2	325001	-	330000	656,002
2	330001	-	335000	667,500
3	345001	-	350000	1,044,000
1	350001	-	355000	355,000
2	390001	-	395000	786,500
4	395001	-	400000	1,600,000
1	400001	-	405000	401,600
2	405001	-	410000	815,000
3	415001	-	420000	1,251,300
1	430001	-	435000	432,000
1	445001	-	450000	450,000
1	450001	-	455000	454,000

1	470001	-	475000	473,500
5	495001	-	500000	2,499,000
1	505001	-	510000	510,000
1	520001	-	525000	525,000
2	535001	-	540000	1,071,500
1	545001	-	550000	550,000
1	555001	-	560000	560,000
1	560001	-	565000	565,000
1	570001	-	575000	574,500
1	600001	-	605000	600,500
1	620001	-	625000	623,500
1	630001	-	635000	634,375
2	645001	-	650000	1,300,000
1	675001	-	680000	680,000
1	690001	-	695000	691,000

1	710001	-	715000	714,500
2	725001	-	730000	1,457,255
1	785001	-	790000	790,000
1	815001	-	820000	820,000
1	830001	-	835000	834,500
1	845001	-	850000	850,000
1	895001	-	900000	900,000
1	900001	-	905000	904,500
1	920001	-	925000	925,000
1	970001	-	975000	975,000
2	980001	-	985000	1,969,500
1	995001	-	1000000	995,118
1	1005001	-	1010000	1,008,503
1	1030001	-	1035000	1,033,638
1	1045001	-	1050000	1,049,000

1	1070001	-	1075000	1,073,642
2	1120001	-	1125000	2,249,500
1	1295001	-	1300000	1,300,000
1	1355001	-	1360000	1,360,000
1	1420001	-	1425000	1,424,362
1	1530001	-	1535000	1,534,500
1	1540001	-	1545000	1,542,000
1	1635001	-	1640000	1,636,000
1	1750001	-	1755000	1,750,500
1	2140001	-	2145000	2,142,000
1	2350001	-	2355000	2,352,000
2	2395001	-	2400000	4,800,000
1	2495001	-	2500000	2,500,000
1	2505001	-	2510000	2,507,500
1	2595001	-	2600000	2,600,000

2	2995001	-	3000000	5,996,749
1	3890001	-	3895000	3,894,858
1	4470001	-	4475000	4,475,000
1	4565001	-	4570000	4,568,000
1	7315001	-	7320000	7,320,000
1	10020001	-	10025000	10,022,400
1	22725001	-	22730000	22,727,180
1	39870001	-	39875000	39,870,345
1	56175001	-	56180000	56,179,000
4,752				**300,000,000**

Catagories of Shareholders			
As at June 30, 2020			
Name	NO OF SHARES	NOS	%
INDIVIDUALS	186,532,108	4693	62
JOINT STOCK COMPANIES	112,413,080	40	37.47
BANKS, DFI'S, INSURANCE COMPANIES	282,752	5	0.09
MODARBAS AND MUTUAL FUND & OTHERS	757,160	6	0.25
	113,452,992	51	37.82
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	400	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,500	1	0.00
LEHMAN BROTHERS SECURITIES	3,400	1	0.00
STATE STREET BANK & TRUST CO U.S.A	7,600	1	0.00
	12,900	4	0.00
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
SYED AAMIR HUSSAIN	500	1	0.00
SYED HASHIM ALI	500	1	0.00
WASEEM AHMED	500	1	0.00
TIPU SAEED KHAN	500	1	0.00
	2,000	4	0.00
Total	300,000,000	4,752	100

Form of Proxy

I/We ____________________ s/o ______________________________ of ________ being a member of **Telecard Limited** and holding ____________________ ordinary shares as per Folio No. ________________ and/or CDC participant I.D. No. ____________ and Sub-Account No. __________ hereby appoint ____ of ________________ or failing him ____ of ________________ as my/our proxy to vote for me/us and on my behalf at the Annual General Meeting of the Company to be held on Wednesday 28 October, 2020 at 1100 at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this __________ day of ______________, 2020.

Rupees Five Revenue Stamp

WITNESS:

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____

CNIC No.

					-								-	

Or Passport No. ____________________

2. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____

CNIC No.

					-								-	

Or Passport No. ____________________

____

Signature of the shareholder

1. For physical shareholders: The signature should agree with the specimen registered with the company.
2. For CDC shareholders: The signature should agree with the specimen on CNIC attached).

CNIC No.

					-								-	

NOTES:

1. A member of the Company entitled to attend and vote may appoint a proxy to attend and vote instead of him / her. Proxies in-order must be received, during business hours, at the Registered Office of the Company not less than 48 hours before the time of holding Annual General Meeting.

2. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity Card (CNIC) along with their CDC Account Number for verification. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

3. For attending the meeting and appointing proxies, CDC account holders will further have to follow the guidelines as laid down in Circular 01 dated 26 January, 2000 issued by the SECP.

TELECARD
LIMITED

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