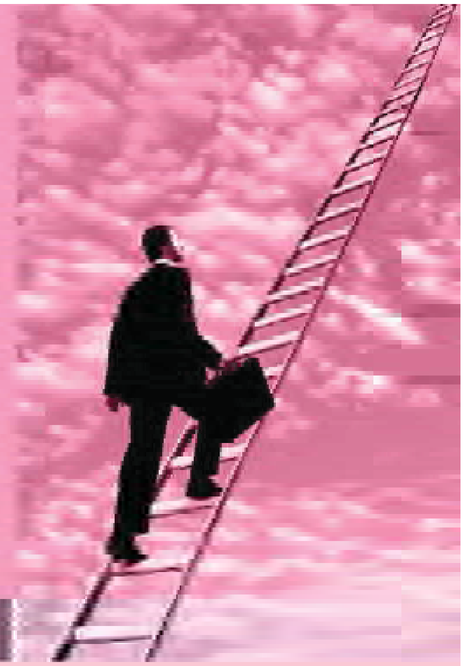
TELECARD LIMITED

Annual Report 2021

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.

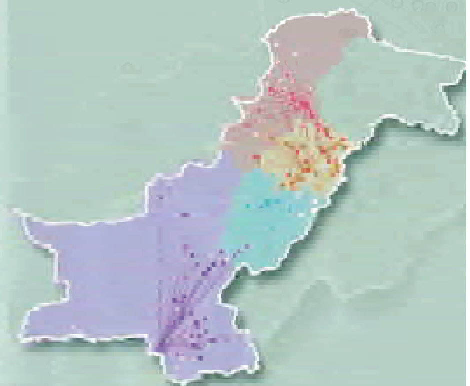
Valuing our employees and providing satisfying, challenging, and rewarding work environment.

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 Silk Bank Limited 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 28th Annual General Meeting of the shareholders of the Company will be held on 28 October 2021 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 Extra Ordinary General Meeting held on 29 June 2021.

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 2021, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended 30 June 2021.

3. To appoint external auditors of the Company for the year ended 30 June 2022 and fix their remuneration present Auditors M/s Parker Russell -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

12 October, 2021

1. The Members Register will remain closed from the 22 October 2021 to 28 October 2021 (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 2021 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 Financial Statements and review of your Company's performance for the period ended 30 June 2021.

Market Overview

We have successfully navigated ourselves out of the third wave of COVID-19 in the country. While it remains a challenging situation, it also brings its own opportunities in the shape of increased dependency on e-commerce, digital payments, cashless banking transactions, and new ways of off-premises work regimen. With the crossing of 100 million Broadband subscribers in Pakistan, the country is seeing unprecedented growth in electronic transactions and the need for broadband services, secure digital transactions, cyber-security, and data-centers to house customer data and disaster recovery sites and services.

Government of Pakistan has promulgated a number of wide ranging steps for secure e-transactions, implement and enhance cyber-security and many other mandated measures through Digital Pakistan Policy, and soon to be promulgate Cyber-Security Policy. Seriousness of the situation can be judged by the fact that regulatory bodies such as State Bank of Pakistan, Securities and Exchange Commission of Pakistan, Pakistan Telecommunication Authority and many other regulators are mandating compliance to stricter Cyber-Security, Customer Data Security, and overall a secure digital Eco System in their respective regulatory domains.

Your Company and its subsidiaries are uniquely placed to leverage these and other enterprise and business enabling solutions opportunities whether they relate to helping support enhancement in broadband coverage, cyber and software security, digital infrastructure roll out and management or connectivity solutions.

Positive developments were witnessed in the Fiscal Year due to lowering the minimum rate of tax on services has helped both Supernet and Telecard and impacted the bottom line positively.

Financial Performance

	Standalone (Rs. In '000)		Consolidated (Rs. In '000)	
	FY 20-21	FY 19-20	FY 20-21	FY 19-20
Revenue	1,214	1,183	3,873	3,910
Gross profit	563	528	1,317	1,199
EBITDA	267	288	797	647
Net Profit	273	(109)	507	(75)
EBITDA Per Share	0.89	0.96	2.66	2.16
EPS	0.91	(0.36)	1.69	(0.25)

On a consolidated basis, the Company has reported a profit after taxation of Rs. 507 million as against a loss of Rs. (75) million during the corresponding financial period. The earning per share stood at Rs. 1.69 compared to a loss per share of Rs. (0.25) in preceding twelve months. The change is attributable to a number of reasons including reduction in direct cost, distribution and administrative expenses, and financial cost of the Company. Direct costs reduced due to cost optimizations undertaken by the Company in the first half of the financial year. Additionally, the other income has also contributed towards this improvement mainly reflecting the prudent write back of liabilities which were no longer payable.

The above, along with reduction in financial costs owing to the decrease in discount rate, and reduction in the minimum tax rate incurred on telecom services have contributed in reducing a substantial improvement of the bottom line of the Company- from a net loss of Rs. (75) million in FY2020 to a Net Profit of Rs. 507 million for the current FY.

On a standalone basis the revenue for the period ended 30 June 2021 was Rs. 1, 214 million as against the revenue of Rs. 1,183 million for the corresponding financial period, the increase in revenue is mainly to the appreciation of the exchange rate and increase in international traffic volumes. Your Company's direct cost was lower when compared with similar period of the preceding financial period due to decrease in connectivity charges. The Company has posted Gross Profit of Rs. 563 million compared to a Gross Profit of Rs. 528 million in the corresponding time frame due to the foregoing reasons.

The Company reported a profit after taxation of Rs. 273 million as against a loss after taxation of Rs. (109) million during the corresponding financial period. The earning per share stood at Rs. 0.91 compared to a loss per share of Rs. (0.36) in the last time frame.

Business Development Opportunities

During FY20-21, SuperSecure, a substantially owned subsidiary of Supernet was awarded a large long term contract by a major Pakistani Bank for end-point security. This contract heralds the beginning of more such contracts in the months to come.

Supernet was awarded a major defense contract that has positive impact on the company's efforts to enhance its inroads into Defense Systems & Solutions business.

Also during this reporting period, Telecard entered into an agreement with Vanrise Solutions to market their Banking CRM, Business Automation Solutions for investment/brokerage houses and Financial Suit for large businesses besides other solutions.

Future Outlook - Challenges and Way Forward

Your company is fully leveraging its inherent advantage in experienced and trained human resources, established inroads into Enterprise Segment and already functional business lines to explore opportunities in technology sector with a focus to enhance revenues, profitability and diversification of its revenue streams.

Cognizant of the emerging opportunities due to COVID-19, on a global basis, your Company is expanding its footprint into Enterprise Security Solutions and Business Process Software platforms by forming global alliances and leveraging in house expertise to deliver best in class solutions to its customers through its subsidiaries. The company is actively looking towards enhancing its presence in technology sector and feels confident that it will do so in coming months while growing its existing business lines.

Your company has decided to explore avenues to unlock shareholder value and support new business lines and initiatives in subsidiaries by opting for a potential listing of Supernet Limited, a wholly owned subsidiary of your Company. Additionally, the Board of Directors has authorized the Company to change the name of Telecard Limited to an appropriate name reflecting the changing nature of business of the Company. Additionally, Telecard is in advanced stages of completing the restructuring of its Term Finance Certificates which is expected to be announced soon.

TELECARD LIMITED

Non-Executive Director Remuneration Policy

The Company has a remuneration policy for its Non-Executive Directors, and the same is being implemented during the 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 30 June 2021 is Rs. 79 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 and attended as follows;

Name of Directors	No. of meetings attended
S. M. Pervez Sadiq	4
Syed Aamir Hussain	4
Syed Hashim Ali	4
Tipu Saeed Khan	4
Waseem Ahmad	4
Muhammad Asim	4
Asad Mujtaba Naqvi	3

During the year, four (4) Boards Audit Committee meetings were held and attended as follows:

Name of Directors	No. of meetings attended
Tipu Saeed Khan	4
S.M. Pervez Sadiq	4
Asad Mujtaba Naqvi	4

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 2021 are annexed.

Auditors

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

Dividends

The Company is pleased to declare 5% bonus shares from its profits for the year end.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2021 is annexed to this report.

TELECARD LIMITED

Acknowledgement

We feel that we are at an exciting juncture of our growth and are confident that concerted efforts by all stakeholders will yield positive results in months to come. We would, at this point-in-time, like to thank our shareholders for their support, our customers for their trust, and our management team and employees at all levels for their steadfast loyalty, professionalism and service.

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

TELECARD LIMITED
10 Khayaban-e-Roomi
W.T.C. Clifton Karachi

07 October 2021

TELECARD
LIMITED

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 2021. The times are competitive and the Company operates amidst intense competition within the Telecom Industry. The revenue posted for the year ended 30 June 2021 was Rs. 1.213 billion as compared to Rs. 1.183 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. 3.873 billion as compared to 3.910 billion in the preceding financial year, the operating profit was reported at Rs. 797 million, as compared to Rs. 322 million for the corresponding time frame.

Composition of the Board

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 procedure manuals. Management monitors the publication of new reporting standards and works closely with the statutory auditors in evaluating the impact of these standards.

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

TELECARD LIMITED 10 Khayaban-e-Roomi W.T.C. Clifton Karachi

07 October 2021

Six Year Financial Summary
Financial Analysis

	June 2021 Rupees in '000'	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'
REVENUE- Net	1,213,660	1,183,279	1,091,181	877,852	986,873	1,004,902
Direct Cost	(651,132)	(654,990)	(651,623)	(558,354)	(764,864)	(855,093)
Gross Profit	**562,528**	**528,289**	**439,558**	**319,498**	**222,009**	**149,809**
Administrative expenses & distribution costs	(385,727)	(331,664)	(273,440)	(858,010)	(248,291)	(352,195)
Other operating expenses	(1,742)	(179,111)	(265,235)	-	-	(14,719)
Other operating income	256,477	30,295	163,911	501,094	17,058	409,147
Liabilities no longer payable written back	-	-	-	-	-	-
	(130,992)	(480,480)	(374,764)	(356,916)	(231,233)	42,233
Operating (loss) / Profit	**431,536**	**47,809**	**64,794**	**(37,418)**	**(9,224)**	**192,042**
Financial costs	(70,989)	(122,403)	(79,039)	(56,801)	(61,420)	(50,321)
(Loss) / Profit before taxation	**360,547**	**(74,594)**	**(14,245)**	**(94,219)**	**(70,644)**	**141,721**
Taxation	(87,359)	(34,694)	(46,224)	(34,468)	(20,359)	(91,615)
(Loss) / Profit after taxation	**273,188**	**(109,288)**	**(60,469)**	**(128,687)**	**(91,003)**	**50,106**
Other comprehensive income/(loss)	-	-		(1,965)		
(Loss) / Earning per share (Rupees)	**0.91**	**(0.36)**	**(0.20)**	**(0.43)**	**(0.30)**	**0.17**

TELECARD
LIMITED

Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019
TELECARD LIMITED
For the year ended 30 June, 2021

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

1. The total number of Directors are 07 as follows:
   a) Male: 07
   b) Female: None

2. The Composition of Board is as follows:

Category	Names	Election of Directors held on
*Independent Director	Mr. Asad Mujtaba Naqvi	29 June 2021
Non-Executive Director	Syed Muhammad Pervez Sadiq	29 June 2021
	Mr. Tipu Saeed Khan	29 June 2021
**Executive Directors	Syed Aamir Hussain	29 June 2021
	Mr. Waseem Ahmad	29 June 2021
	Syed Hashim Ali	29 June 2021
	Mr. Muhammad Asim	29 June 2021
***Female Director	None	-

* It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as Independent Director. Efforts are underway to increase the number of Independent Directors as prescribed by the Regulations.

** It is mandatory that the Executive Directors, including the Chief Executive Officer, shall not be more than one third of the Board. The number of Executive Directors on the Board exceeds the limit prescribed by the Regulation.

*** It is mandatory that Board shall have at least one Female Director. Efforts are underway to address this matter.

3. The Directors have confirmed that none of them are 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;

TELECARD LIMITED

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 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 Directors Training Program was cancelled, 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

*The Chairman of audit Committee is not an independent director.

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

*The HR&H Committee does not comprise of majority of Non-Executive Directors and the Chairman of the Committee is not an Independent Director.

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

TELECARD LIMITED

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, 32, 33, 36 and 27 except Regulation No. 27 (ii) in respect of Chairman of Audit Committee being an independent director. Currently, this position is being held by a Non-Executive Director and efforts are under way to induct an additional Independent Director as per the Regulations.

19. Explanation for non-compliance with requirement, other than regulation 3, 32, 33, 36, 27 (1) (i) (iii) & (iv), 27 (2), 27 (3), 27 (4) and 27 (5) are below;

Sr. No.	Paragraph No.	Description	Explanation
1	2	The Company does not have at least two or one third members of the Board, whichever is higher, as Independent Director as prescribed in Regulation No. 6.	Efforts are underway to increase the number of Independent Director as prescribed by the Regulations.
2	2	The Board does not comprise of at least one Female Director as prescribed in Regulation No 7.	Efforts are underway to address this matter.
3	2	The number of Executive Directors on the Board, including the Chief Executive Officer, exceeds the limit prescribed by Regulation No 8.	Efforts are underway to decrease the number of Executive Directors as prescribed by the Regulations.
4	9	75% of the Directors on the Board have not acquired prescribed certification under any Director Training Program as per the criteria specified in Regulation No 19 (1) (ii).	This year Director's Training Program was cancelled, due to the outbreak of Pandemic Covid-19.

5	12	The Chairman of the Audit Committee is not an Independent Director as prescribed in Regulation No 27 (1) (ii).	Efforts are under way to induct an additional Independent Director as per the Regulations.
6	12	The Human Resource and Remuneration Committee does not comprise of majority of Non-Executive Directors and the Chairman of the Committee is not an Independent Director as prescribed in Regulation No 28 (1) and 28 (2).	Efforts are underway to address this matter.

Syed Muhammad Pervez Sadiq
Chairman

TELECARD LIMITED
10 Khayaban-e-Roomi
W.T.C. Clifton Karachi

Date: 07 October 2021

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

901, Q. M. House,
Ellender Road, Karachi - Pakistan.
Tel: + 92-21-32621701-03
E-mail: khi@parkerrussellajs.com.pk
Offices also at Faisalabad, Lahore & Islamabad

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 unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated 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.

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

Emphasis of Matter

We further draw attention to the contents of:

i. note 14.1 (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. 349.954 million in the accompanying unconsolidated financial statements which reflects amount determined under the most favorable alternative by a firm of Chartered Accountants appointed in accordance with the direction of the Court. 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.

ii. note 14.1 (b) to the accompanying unconsolidated 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. As per legal advisor there is likelihood that the plaintiff will not succeed in its claim in this suit;

iii. note 14.2 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. 2,565.589 million in the accompanying unconsolidated financial statements in consultation with the legal advisor and the amount refundable to the Company in case of a successful outcome of its appeal is Rs. 1,547.559 million; and

iv. notes 25.1 to 25.9 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit

1. 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 14.1 to 14.7, 21.2.1 & 25.1 to 25.9 to the accompanying unconsolidated financial statements.

2. 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 Unconsolidated 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 for the year ended June 30, 2021 but does not include the unconsolidated financial statements and our auditors' report thereon.

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

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

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Mr. Muhmmad Shabbir Kasbati.

Parker Russell AJS

(Chartered Accountants)
Date: 07 OCT 2021
Karachi.

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property and equipment	4	**410,011**	453,583
Intangible assets	5	**5,995**	7,949
Right-of-use assets	6	**35,243**	58,727
		451,249	520,259
Long-term investments	7	**340,537**	340,537
Long-term deposits	8	**57,613**	57,613
Deferred taxation	9	**256,762**	302,762
		1,106,161	1,221,171
CURRENT ASSETS			
Trade debts	10	**326,398**	351,054
Loans and advances	11	**52,153**	58,098
Deposits and prepayments	12	**45,476**	37,652
Accrued mark-up / profit	13	**29,267**	27,029
Other receivables	14	**2,550,607**	2,525,648
Taxation-net	15	**128,207**	137,346
Bank balances	16	**6,568**	23,018
		3,138,676	3,159,845
TOTAL ASSETS		**4,244,837**	4,381,016

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2020: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
Capital reserves			
Issued, subscribed and paid-up capital	17	**3,000,000**	3,000,000
Revenue reserve			
Accumulated loss		**(657,743)**	(930,931)
		2,342,257	2,069,069
NON-CURRENT LIABILITIES			
Long-term financing	18	**60,294**	84,494
Contractual liability to a contractor	19	**162,652**	336,870
Lease liabilities	20	**21,482**	40,144
Deferred liabilities	21	**5,777**	5,585
		250,205	467,093
CURRENT LIABILITIES			
Trade and other payables	22	**565,918**	819,027
Unclaimed dividend		**4,394**	4,394
Accrued interest / mark-up	23	**303,192**	239,122
Current portion of long term financing and lease liabilities	24	**778,871**	782,311
		1,652,375	1,844,854
Contingencies & commitments	25		
TOTAL EQUITY AND LIABILITIES		**4,244,837**	4,381,016

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

TELECARD LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Revenue - net	26	**1,213,660**	1,183,279
Direct costs	27	**(651,132)**	(654,990)
Gross profit		**562,528**	528,289
Administrative & distribution costs	28	**(385,727)**	(331,664)
Other expense	29	**(1,742)**	(179,111)
Other income	30	**256,477**	30,295
		(130,992)	(480,480)
Operating profit		**431,536**	47,809
Finance costs	31	**(70,989)**	(122,403)
Profit / (loss) before taxation		**360,547**	(74,594)
Taxation	32	**(87,359)**	(34,694)
Net profit / (loss) for the year		**273,188**	(109,288)
Profit / (loss) per share - basic & diluted (Rupees)	33	**0.91**	(0.36)

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	
Net profit / (loss) for the year	273,188	(109,288)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	273,188	(109,288)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	---- (Rupees in '000') ----		
Balance as at July 01, 2019	**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**
Net profit for the year	-	273,188	273,188
Other comprehensive loss	-	-	-
Total comprehensive income for the year	-	**273,188**	**273,188**
Balance as at June 30, 2021	**3,000,000**	**(657,743)**	**2,342,257**

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**78,209**	115,109
Income tax paid		**(32,222)**	(39,970)
Finance costs paid		**-**	(10,200)
Retirement benefits paid		**(250)**	-
Long-term deposits		**-**	(3,701)
Net cash generated from operating activities		**45,737**	61,238
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(13,986)**	(5,480)
Interest income received		**3,548**	-
Proceeds from disposal of property, plant and equipment		**1,880**	-
Net cash used in investing activities		**(8,558)**	(5,480)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal of diminishing musharakah		**(24,120)**	(12,000)
Upfront payment made on restructuring of diminishing musharakah		**-**	(25,000)
Lease rentals against right-of-use assets		**(29,509)**	(18,243)
Net cash used in financing activities		**(53,629)**	(55,243)
Net decrease in cash and cash equivalents		**(16,450)**	515
Cash and cash equivalents at the beginning of the year		**23,018**	22,503
Cash and cash equivalents at the end of the year	16	**6,568**	23,018

The annexed notes from 1 to 43 form an integral part of these financial statements.

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

TELECARD LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, Sunderdas 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.

2.4 New standards, interpretations and amendments to published approved accounting standards

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2020, are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

2.4.2 New accounting standards and amendments to standards not yet effective

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them.

Standards/ amendments/ interpretations		Effective for the period beginning on or after
IAS 1	Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities	January 01, 2023
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates)	January 01, 2023
IAS-12	Income Taxes (The amendments to narrow the scope of the initial recognition exemption)	January 01, 2023
IAS-16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets -Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS-41	Amendment Resulting from Annual Improvements to IFRS Standards 2018-2020 (the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022

		Effective for the period beginning on or after
IFRS-3	Business Combinations - Amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments - Amendments resulting from annual improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 01, 2022
IFRS-16	Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year)	July 01, 2021
IFRS-16	Amendment resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives)	January 01, 2022
IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or joint venture).	The effective date for these changes has been deferred idenfinitely until the completion of a broader review.

Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms.	January 01, 2022

2.4.3 New Standards issued by IASB and but not yet been notified / adopted by SECP

		Effective for the period beginning on or after
IFRS 1	First Time Adoption of IFRSs	July 01, 2009
IFRS 17	Insurance Contracts	January 01, 2022

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	3.1, 4 & 5
Provision for doubtful debts and other receivables	3.11, 10 & 14
Recognition of tax and deferred tax	3.6, 9, 15 & 32
Contractual liability to a contractor	19
Other provisions and contingent liabilities	3.9 & 25
Determining the lease term of contracts with renewal and termination options	3.15 & 20
estimating the incremental borrowing rate	3.15
Provision for employees benefits	3.12 & 21.1

3. 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 presented in the financial statements unless otherwise stated.

3.1 Fixed assets

3.1.1 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.

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 4 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.

3.1.2 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.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.10.1 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 other 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.

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 Company uses trade date basis of accounting i.e. the date that the Company commits to purchase or sell the asset.

3.10.2 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.

3.10.3 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 Company has transferred substantially all the risks and rewards of ownership.

3.10.4 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 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.

3.10.5 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 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.

3.10.6 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.

3.10.7 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.

3.11 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.

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.

3.12 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.

3.13 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.

3.14 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.

3.15 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 lease term 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.

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 method) and by reducing the carrying amount to reflect the lease payments made.

3.16 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 method.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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 (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	Wholly 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	Wholly owned subsidiary	100%
Nexus Communication (Private) Limited	Wholly owned subsidiary	100%
Glitz Communication (Private) Limited	Wholly owned subsidiary	100%
Globetech Communication (Private) Limited	Wholly 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	-

3.22 Earning 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.

4. PROPERTY AND EQUIPMENT

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000')	
Operating fixed assets - owned	4.1	410,011	453,583

4.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	Disposals during the year	As at June 30, 2021	as at June 30, 2021	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	4.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	592	31	-	623	2	5%
Apparatus & equipment	4.1.2	6,189,662	11,193	-	6,200,855	5,751,166	56,116	-	5,807,282	393,573	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & equipment		49,940	663	-	50,603	46,506	509	-	47,015	3,588	10%
Computers & accessories		71,384	2,130	-	73,514	70,402	833	-	71,235	2,279	33%
Vehicles		26,175	-	(2,530)	23,645	18,557	69	(2,530)	16,096	7,549	20%
Total		6,371,681	13,986	(2,530)	6,383,137	5,918,098	57,558	(2,530)	5,973,126	410,011	

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

	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	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land	625	-	-	625	561	31	-	592	33	5%
Apparatus, plant & equipment	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**	

4.1.1 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. All other assets are in the name and possession of the Company.

4.1.2 The cost of fully depreciated assets as at June 30, 2021 is Rs. 5,811.359 million (2020: Rs. 5,607.734 million)

4.1.3 Depreciation for the year has been allocated as follows:

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Direct costs	27	**56,032**	55,871
Administrative & distribution costs	28	**1,526**	1,326
		57,558	**57,197**

5. INTANGIBLE ASSETS

	Note	Cost: As at July 01, 2020	Cost: Addition/ (Disposal)	Cost: As at June 30, 2021	Amortisation: As at July 01, 2020	Amortisation: Charge for the year	Amortisation: As at June 30, 2021	W.D.V. as at June 30, 2021	Period (years)
		(Rs. in '000')							
WLL licenses	5.1	8,120	-	8,120	6,496	406	6,902	1,218	16-20
LDI license	5.2	29,029	-	29,029	22,704	1,548	24,252	4,777	18-20
Total		37,149	-	37,149	29,200	1,954	31,154	5,995	

	Note	Cost: As at July 01, 2019	Cost: Addition/ (Disposal)	Cost: As at June 30, 2020	Amortisation: As at July 01, 2019	Amortisation: For the year	Amortisation: As at June 30, 2020	W.D.V. as at June 30, 2020	Period (years)
		(Rs. in '000')							
WLL licenses	5.1	8,120	-	8,120	6,090	406	6,496	1,624	16-20
LDI license	5.2	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	

5.1 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 16-20 years, commencing on August 04, 2004.

5.2 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.

		June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
6.	**RIGHT-OF-USE ASSETS**		
	As at July 01		
	Cost	**83,538**	83,538
	Accumulated depreciation	**(24,811)**	-
	Net book value	**58,727**	83,538
	Year ended June 30		
	Opening net book value	**58,727**	83,538
	Depreciation for the year	**(23,484)**	(24,811)
	Closing net book value	**35,243**	58,727
	As at June 30		
	Cost	**83,538**	83,538
	Accumulated depreciation	**(48,295)**	(24,811)
	Net book value	**35,243**	58,727

7. LONG-TERM INVESTMENTS

Investments in wholly owned subsidiary companies:

Unquoted – at cost

	June 30, 2021	June 30, 2020
Supernet Limited 100,000,000* (2020: 50,000,000*) ordinary shares of Rs. 10/- each [breakup value: Rs.11.06 (2020: Rs. 18.12) per share)], based on the audited financial statements of the company for the year ended June 30, 2021.	**340,537**	340,537
Telegateway Limited 50,000 (2020: 50,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2020: Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2021.	**500**	500
Nexus Communication (Pvt) Limited 10,000 (2020: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs.Nil (2020: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2021.	**100**	100
Glitz Communication (Pvt) Limited 10,000 (2020: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs.Nil (2020: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2021.	**100**	100
Globetech Communication (Pvt) Limited 10,000 (2020: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2020: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2021.	**100**	100
	800	800
Loss allowance for ECL	**(800)**	(800)
	-	-

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
At fair value through other comprehensive income (FVOCI)			
Augere Holdings	7.1	**480,630**	480,630
Class A preference ordinary shares each having breakup value Rs. Nil [2020: Rs. Nil], based on the unaudited financial statements of the company for the year ended December 31, 2015.			
Loss allowance for ECL	7.2	**(480,630)**	(480,630)
		-	-
		340,537	340,537

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

7.1 Disclosure 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

7.2 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 (2020: nil) and the entire carrying amount of investment has been impaired.

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
8. LONG TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		**44,315**	44,315
Rented premises		**3,018**	3,018
Guarantee margin		**9,100**	9,100
Others		**1,180**	1,180
		57,613	57,613
9. DEFERRED TAXATION			
Deferred tax credits arising on			
Accelerated tax depreciation		**(36,826)**	(43,649)
Amortisation of intangible assets		**(1,739)**	(2,305)
		(38,565)	(45,954)
Deferred tax debits arising from			
Retirement benefits		**1,675**	1,620
Short-term provisions		**247,225**	342,064
Leases		**11,589**	18,022
Tax losses brought forward		**34,838**	35,722
		295,327	397,428
		256,762	351,474
Deferred tax asset not recognised	9.1	**-**	(48,712)
		256,762	302,762

9.1 Being prudent and based on future projections, the Company has not recognised deferred tax asset amounting to Rs. Nil (2020: 48.712 million).

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
10. TRADE DEBTS			
Unsecured - considered good			
Supernet Limited - related party	10.1	**135,372**	135,372
Others		**215,568**	240,224
		350,940	375,596
Considered doubtful			
Loss allowance for ECLs	10.2	**(24,542)**	(24,542)
		326,398	351,054

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

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	
Supernet Limited	**135,372**	135,372

10.2 Loss allowance for ECL

Opening balance as at July 01, 2020	**24,542**	**24,152**
Loss allowance charged for the year	**-**	390
	24,542	24,542

10.3 As at June 30, 2021, 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	191,026	123,971	33,707	33,348
June 30, 2021	326,398	123,971	33,707	168,720
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**

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
11. LOANS AND ADVANCES			
Loans- unsecured			
Considered good			
World Trade Center (Private) Limited	11.1	**30,000**	30,000
Advances – unsecured			
Considered good			
Executives	11.2	**6,211**	3,923
Employees		**5,258**	4,980
Suppliers		**10,684**	19,195
		22,153	28,098
		52,153	58,098

11.1 This represents a short-term loan to World Trade Center (Private) Limited, carrying mark-up rate 3 months KIBOR plus 2.4% (2020: 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 (2020: Rs. 30 million).

11.2 The maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 6.211 million (2020: Rs. 4.123 million).

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	
12. DEPOSITS AND PREPAYMENTS		
Deposits		
Others	**18,695**	18,695
	18,695	18,695
Prepayments		
Interconnect operators	**5,262**	5,845
Rent	**15,398**	9,812
Others	**6,121**	3,300
	26,781	18,957
	45,476	37,652
13. ACCRUED MARK-UP / PROFIT		
Due from a bank	**7,000**	7,000
Mark-up on loan to third parties	**22,267**	20,029
	29,267	27,029

		Note	June 30, 2021	June 30, 2020
			---- (Rupees in '000') ----	
14.	**OTHER RECEIVABLES**			
	Karachi Relief Rebate Package	14.1	**349,954**	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	14.2	**1,547,559**	1,547,559
	Pakistan Telecommunication Authority- ARFSF	14.3	**48,135**	48,135
	Pakistan Telecommunication Authority- others	14.4	**117,197**	117,197
	Claim against a bank	14.5	**998**	998
	Due from a contractor		**2,935**	2,798
	Punjab Revenue Authority (PRA)	14.6	**34,956**	34,956
	Others		**7,238**	6,599
			2,550,607	2,525,648
	Considered doubtful			
	Karachi Relief Rebate Package		**-**	325,770
	Receivable from PTA		**76,428**	76,428
	Due from PTCL against WPS	14.7	**243,890**	243,890
			320,318	646,088
	Loss allowance for receivables considered doubtful	14.8	**(320,318)**	(646,088)
			-	-
			2,550,607	2,525,648

14.1(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 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, determination under the most favorable alternative amounted to Rs. 349.954 million, 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. In consultation with the legal advisor, provision for doubtful receivable in respect of Karachi relief rebate package amounting to Rs. 24.183 million was written back and provision for doubtful receivables amounting to Rs. 301.587 million was written off during current year to bring the receivable in respect of Karachi relief rebate in line with the determination under the most favorable alternative.

14.1(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 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 provisions 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 undertaking except in the ordinary course of business till the disposal of the case.

14.2 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 was booked as a receivable in the accounts totalling to Rs. 1,893.153 million. This litigation of the LDI Licensees has been dismissed by the Supreme Court of Pakistan has ruled against the LDI Licensees 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 additonal amount claimed by the PTA from the Company is Rs. 2,565.589 (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 LDI licensees including the Company have challenged the determinations on multiple grounds, including but not limited to a) that he PTA has not properly implemented the policy, term of the license, AP Rules and Regulations in calculating these amounts b) that in any case the amounts demanded by PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunctions has been granted. Appeals of the Company and certain other LDI's are pending adjudication before the Sindh High Court, while appeals of a few LDI licensees have been decided in favor 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.

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.

14.3 This represents principal amount and late payment fee paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. This matter is challenged by the Company in a writ petition, filed before the Islamabad High Court which is pending adjudication. The Company surrendered its WLL License to PTA in August, 2016 as fully mentioned in note 21.2.1 which has been approved by PTA effectiv 10 March 2019, however, the settlement on the acccount of related financial liability relating to said surrender is also under the above litigation.

14.4 This amount represents payments made to PTA on account of Late Payment Additional Fee (LPAF) relating to Annual Regulatory Dues (ARD), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions amounting in aggregate to Rs. 156.864 million out of which Rs. 101.876 million paid pursuant to Court Orders 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 year 2019, as a matter of prudence.

This also includes refund received from PTA on account of over payment against USF and R&D amounting to Rs. 3.980 million which shall be adjusted against future payments.

14.5 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 (2020: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (2020: 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.

14.6 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.

14.7 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. 243.890 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,353.980 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

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, 2021	June 30, 2020
		---- (Rupees in '000') ----	
14.8 Loss allowance for ECLs against other receivables			
Opening balance		**646,088**	569,660
Loss allowance against APC for USF from PTA	14.2	**-**	76,428
Allowance against Karachi relief rebate package written back	14.1(a)	**(24,183)**	-
Allowance against Karachi relief rebate package written off	14.1(a)	**(301,587)**	-
		320,318	646,088

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
15. TAXATION – NET			
Advance income tax		**169,566**	172,040
Provision for taxation – current	32	**(41,359)**	(34,694)
		128,207	137,346
16. BANK BALANCES			
In current accounts			
Local currency		**2,144**	1,537
Foreign currency		**15**	34
		2,159	1,571
In saving accounts			
Local currency	16.1	**4,409**	21,447
		6,568	23,018

16.1 These carry mark-up at rates, ranging between 4.06 % to 5.70 % (2020: 3.1% to 11.90%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020
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

17.1 As at reporting date, chief executive officer, directors and their spouses held 7.59 % (2020: 7.59%), associated undertaking held 1.83 % (2020: 1.83 %) and the balance of 90.58 % (2020: 90.58 %) are held by individual and others.

17.2 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.

18. LONG TERM FINANCING

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Secured			
Diminishing musharakah	18.1	**84,494**	108,614
Current maturity shown under current liabilities	24	**(24,200)**	(24,120)
		60,294	84,494
Term finance certificates	18.2	**736,190**	736,190
Overdue instalments	24	**(736,190)**	(570,541)
Current maturity shown under current liabilities		**-**	(165,649)
		-	-
		60,294	84,494

18.1 A rescheduling agreement dated December 03, 2019 was agreed between the Company and the Bank in respect of diminishing musharaka facility. According to the rescheduled agreement, an upfront payment of Rs. 25 million was made by the Company, and as a result, the accrued mark up of Rs. 20.459 million the outstanding balance of Rs. 145.614 million up to the date of rescheduling agreement was waived-off and was charged to the profit and loss during the year ended June 30, 2020.

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

18.2 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 (2020: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs. 800 million (2020: Rs.800) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

Subsequent to the year end, the Company has approached to the TFC holders for the restructuring of TFC's.

19. CONTRACTUAL LIABILITY TO A CONTRACTOR

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	
Unsecured		
Advance from a contractor	**336,870**	337,900
Taken to profit or loss account during the current year upon rendering of services	**-**	(1,030)
Liabilities no longer payable written back	**(174,218)**	-
	162,652	336,870

19.1 On April 30, 2010, the Company received payment on account of provision of infrastructure services to the contractor for future periods. Although the network agreement does not specify the period in which such infrastructure services are to be provided by the Company to the Contractor, the Company estimates that based on the maximum usage level, the entire value of the Credit Note will not be exhausted during the balance life of its LL license.

Since advance from the Contractor is not refundable and can be utilized against infrastructure services only, the Company has recognized to the income during the current year such amount that can reasonably be estimated as in excess of the amount that can be utilized over the remaining life of its LL License. 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.

		Note	June 30, 2021	June 30, 2020
			---- (Rupees in '000') ----	
20.	**LEASE LIABILITIES**			
	Lease liabilities		**39,963**	62,145
	Current portion of lease liabilities	24	**(18,481)**	(22,001)
			21,482	40,144
20.1	**Reconciliation of the carrying amount is as follows:**			
	As at July 01		**62,145**	80,388
	Accretion of interest		**7,327**	10,200
	Lease rental payments made during the year		**(29,509)**	(28,443)
	Lease Liability as at June 30		**39,963**	62,145
	Current portion of lease liabilities		**(18,481)**	(22,001)
	Long-term lease liabilities as at June 30		**21,482**	40,144
20.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**22,565**	14,500
	Later than one year but not later than five years		**24,046**	46,611
			46,611	61,111
	Future finance charge		**(6,648)**	(13,151)
	Present value of finance lease liabilities		**39,963**	47,960
21.	**DEFERRED LIABILITIES**			
	Staff gratuity	21.1	**5,777**	5,585
	Spectrum fee payable	21.2	**-**	-
			5,777	5,585
21.1	**Staff gratuity**	21.1.1	**5,777**	5,585
21.1.1	**Reconciliation of obligations as at year end**			
	Present value of defined benefit obligation		**5,777**	5,585
21.1.2	**Movement in liability**			
	Net liability at beginning of the year		**5,585**	5,147
	Charge for the year	21.1.3	**442**	438
	Benefits paid during the year		**(250)**	-
			5,777	5,585
21.1.3	**Charge for the year**			
	Interest cost		**442**	438

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	

21.1.4 Movement in defined benefit obligation

Present value of defined benefit obligation at beginning of the year	**5,585**	5,147
Interest cost	**442**	438
Benefits paid during the year	**(250)**	-
	5,777	5,585

21.1.5 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, 2021	June 30, 2020
Expected rate of increase in salaries, per annum	**7.00%**	7.00%
Expected discount rate, per annum	**10.50%**	10.50%

21.1.6 Comparison for five years

	2021	2020	2019	2018	2017
	(Rupees in '000')				
Present value of defined benefit obligation	**5,777**	5,585	5,147	5,121	2,947

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
21.2 Spectrum fee payable			
As on July 1		**317,100**	317,100
Payment to PTA		**(170,607)**	-
Offered to PTA shown as current maturity	22	**(146,493)**	(317,100)
		-	-

21.2.1 This represents balance Initial Spectrum Fee (ISF) in respect of license and related frequencies acquired by the Company. The total value of 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 (MoIT), to grant a moratorium for payment of the balance 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 installments, 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 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 SCN was followed by a PTA determination dated June 03, 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 fee in installments. The appeal of the Company was turned by the 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 position 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 MoIT's Order to receive the balance ISF in installments. This request was granted by the IHC in December 2013, and it instructed the PTA to receive the amount in installments. In order to implement the decision, the MoIT instructed the PTA to finalize the installment plan with the WLL Operators. However, instead of complying with the Order of IHC and instructions from MoIT, the PTA chose of file an Intra Court Appeal (ICA) against the Order of IHC, and the matter remained unsolved. During the previous year the Company attempted to make the payment in installments, but such payment was also rejected. Eventually, the ICA was decided against the Company, whereby it request to make the payment of the balance Initial Spectrum Fee in installment was rejected.

The Company filed a CPLA in the Supreme Court of Pakistan against the decision of 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 02 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 is being honored by the Company, and payment amounting to Rs. 170.607 million has been made during the year. Further post-dated cheques amounting to Rs. 50 million have also been issued to PTA.

		Note	June 30, 2021	June 30, 2020
			---- (Rupees in '000') ----	
22.	**TRADE AND OTHER PAYABLES**			
	Pakistan Telecommunication Company Limited (PTCL)			
	LL & LDI charges		-	56,677
	Others		**542**	542
			542	57,219
	Interconnect operators		**11,989**	12,314
	Others		**89,515**	109,766
			102,046	179,299
	Other payables			
	Current accounts with related parties	22.1	**126,261**	85,988
	Current maturity of spectrum fee payable	21.2	**146,493**	317,100
	Accrued liabilities		**103,488**	156,791
	Contract liability to customers		**6,631**	10,024
	Workers' welfare fund		**4,964**	4,964
	Others		**76,035**	64,861
			463,872	639,728
			565,918	819,027
22.1	**Current accounts with related parties**			
	Supernet Limited		**106,885**	67,926
	Telegatway Limited		**15,028**	15,028
	Glitz Communication (Private) Limited		**80**	80
	Globetech Communication (Private) Limited		**80**	80
	Nexus Communication (Private) Limited		**71**	71
	Supernet E-Solution (Private) Limited		**4,117**	2,803
			126,261	85,988

22.1.1 The above amounts due from related parties are payable on demand and are interest free.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	

23. ACCRUED INTEREST/MARK-UP

On secured		
Interest / mark-up against financing	**270,465**	208,222
On unsecured		
Current accounts with related parties	-	1,697
Current accounts with third parties	**32,727**	29,203
	303,192	239,122

24. CURRENT PORTION OF LONG TERM FINANCING AND LEASE LIABILITIES

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Current maturity of diminishing musharika	18.1	**24,200**	24,120
Overdue instalment of term finance certificates	18.2	**736,190**	570,541
Current maturity of term finance certificates	18.2	-	165,649
Current maturity of lease liability	20	**18,481**	22,001
		778,871	782,311

25. CONTINGENCIES AND COMMITMENTS

25.1 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, Nonetheless the Company has settled this amount in full, under protest.

25.2 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.

25.3 The Company has challenged the demand of APC for USF from PTA in the aggregate sum of Rs. 3,904.241 million including principal amount of Rs. 1,304.900 million and late payment additional fees amounting to Rs. 2,599.340 million through an appeal and a suit filed in 2012 and 2017, respectively, before the Sindh High Court. The status in the latter case is that the Court has passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Company. Management, in consultation with their legal advisor is of the view that the Company has a good and arguable case on merits and the suit is likely to be decreed in favor of the Company.

25.4 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.

25.5 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 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 01, 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 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 (CP) before the High Court of Sindh for setting aside order dated April 30, 2013 passed by CCP. The Sindh High Court has suspended the impugned order on September 05, 2013, and the matter is pending before the Competition Appellate Tribunal. The Tribunal has admitted the appeal for hearing and also suspended operation of the order impugned in this appeal.

25.6 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.

25.7 PTCL's claim amounting to Rs.1,634.703 million (2020: Rs.1,632.840 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.

25.8 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 14.1 to the financial statements.

25.9 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 14.2 and 21.2.1 to the financial statements.

25.10 No provision on account of above contingencies including note 25.8 and 25.9 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.

25.11 Counter guarantees given to banks amounts to Rs. 47.225 million (2020: Rs.47.225 million) .

		Note	June 30, 2021	June 30, 2020
			-- (Rupees in '000') --	
26.	**REVENUE – NET**			
	Turnover		**1,213,660**	1,182,279
	Services rendered to the contractor	19	**-**	1,000
			1,213,660	1,183,279
27.	**DIRECT COSTS**			
	Interconnect charges – net		**155,922**	150,700
	Network media charges		**266,059**	286,266
	Short-term leases - network sites rent		**37,100**	44,345
	Network sites utilities and maintenance		**81,334**	72,629
	Insurance		**2,310**	2,209
	Annual regulatory charges		**26,937**	16,205
	Depreciation on operating fixed assets	4.1.3	**56,032**	55,871
	Depreciation on right-of-use assets	6	**23,484**	24,811
	Amortisation	5	**1,954**	1,954
			651,132	654,990
28.	**ADMINISTRATIVE & DISTRIBUTION COSTS**			
	Salaries and other benefits	28.1	**242,734**	199,061
	Postage, telephone and telex		**2,368**	1,988
	Vehicles running and maintenance		**15,785**	14,871
	Travelling and entertainment		**930**	1,307
	Office security and maintenance		**8,347**	6,313
	Stationery		**2,064**	1,523
	Short-term leases - rent		**55,319**	52,622
	Utilities		**22,784**	20,722
	Insurance		**3,671**	3,136
	Legal and professional charges		**16,266**	13,280
	Auditors' remuneration	28.2	**4,323**	3,704
	Sales promotion and marketing		**656**	452
	Fee and subscription		**2,316**	2,094
	Depreciation	4.1.3	**1,526**	1,326
	Software support services		**5,235**	4,500
	Others		**1,403**	4,375
	Loss allowance for trade debts / trade debts written-off	10.2	**-**	390
			385,727	331,664

28.1 This includes Rs 0.442 million in respect of gratuity expense for the year (2020: Rs. 0.438 million) and Rs.7.4 million (2020: Rs.5.468 million) in respect of the Company's contribution towards provident fund.

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
28.2	**Auditors' remuneration**			
	Audit fee for unconsildated financial statements		**2,000**	2,000
	Audit fee for consolidated financial statements		**350**	350
	Fee for review of half yearly financial statements		**900**	900
	Other certifications		**893**	290
	Out of pocket expenses		**180**	164
			4,323	3,704
29.	**OTHER EXPENSE**			
	Realised exchange loss - net		**1,742**	2,695
	Receivable from PTA against APC for USA written-off		**-**	99,988
	Loss allowance against APC for USF from PTA		**-**	76,428
			1,742	179,111
30.	**OTHER INCOME**			
	Income from financial assets			
	Income from saving accounts		**3,548**	3,802
	Mark-up on loan to World Trade Center		**2,894**	4,464
	Income from non-financial assets			
	Scrap sale		**96**	-
	Reversal of provision - Karachi Relief Rebate		**24,183**	
	Unrealised exchange gain - net		**704**	1,320
	Liabilities no longer payable written-back		**223,072**	-
	Accured mark-up waived written-back	18.1	**-**	20,459
	Others		**1,980**	250
			250,035	22,029
			256,477	30,295
31.	**FINANCE COSTS**			
	Interest/mark-up on			
	Short-term financing		**6,534**	10,984
	Term finance certificates		**53,941**	95,231
	Lease liabilities against ROU assets		**7,327**	10,200
			67,802	**116,415**
	Mark-up on current accounts		**2,483**	4,849
	Bank charges		**704**	1,139
			70,989	122,403

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	

32. TAXATION

	Note	June 30, 2021	June 30, 2020
Current		**35,609**	36,925
Prior period		**5,750**	(2,231)
Deferred		**46,000**	-
	32.1	**87,359**	34,694

32.1 Relationship between accounting profit and income tax expense

	June 30, 2021	June 30, 2020
Profit before taxation	**360,547**	-
Tax @ 29%	**72,109**	-
Effect of prior period tax	**5,750**	-
Others	**9,499**	-
	87,359	-

32.2 The relationship between income tax expense and accounting profit has not been presented in these unconsolidated financial statements for the prior period as the provision for taxation for the period year is based on minimum tax on payment of good and services under section 153 of the Income Tax Ordinance, 2001.

32.3 The income tax assessments of the Company have been finalised up to and including the tax year 2020, except for tax years in respect of which, appeals are currently in prgress at different forums (note 25.6).

33. PROFIT / (LOSS) PER SHARE - BASIC & DILUTED

	June 30. 2021	June 30. 2020
	--- (Rupees in '000') ---	
Profit / (loss) after tax for the year	**273,188**	(109,288)
Weighted average number of shares	**300,000,000**	300,000,000
Basic profit / (loss) per share (Rupees)	**0.91**	(0.36)

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

34. CASH GENERATED FROM OPERATIONS

	June 30, 2021	June 30, 2020
	--- (Rupees in '000') ---	
Profit / (loss) before taxation	**360,547**	(74,594)
Adjustments for non-cash charges and other items:		
Depreciation	**57,558**	57,197
Depreciation on right-of-use assets	**23,484**	24,811
Amortisation	**1,954**	1,954
Provision for gratuity	**442**	438
Unrealised exchange gain	**(704)**	(1,320)
Finance costs	**62,958**	121,264
Finance cost on lease liabilities against ROU assets	**7,327**	-
Liabilities no longer payable written-back	**(48,854)**	(20,459)
Receivable from PTA against APC for USA written-off	**-**	99,988
Interest income	**(5,786)**	(4,464)
Contractual liability to a contractor	**(174,218)**	(1,030)
Reversal of provision - Karachi Relief Rebate	**(24,183)**	
Gain on sale of fixed assets	**(1,880)**	-
Loss allowance against APC for USF from PTA	**-**	76,428
Loss allowance for ECLs against trade debts	**-**	390
	(101,902)	355,197
Profit before working capital changes	**258,645**	280,603
(Increase) / decrease in current assets		
Trade debts	**25,524**	(24,618)
Loans and advances	**5,945**	(13,015)
Deposits and prepayment	**(7,824)**	(9,443)
Accrued mark-up	**-**	(2,236)
Other receivables	**(776)**	5,551
	22,869	(43,761)
Increase / (decrease) in current liabilities		
Trade and other payables	**(203,305)**	(121,733)
Cash generated from operations	**78,209**	115,109

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

	2021			2020		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000')					
Managerial remuneration	12,610	17,324	28,359	13,082	7,312	29,053
Other perquisites and benefits						
House rent	5,674	7,796	12,761	5,887	3,290	13,074
Medical	35	120	1,321	-	16	348
Retirement benefits	871	1,000	5,537	774	564	1,982
Utilities	1,261	1,732	2,836	1,308	731	2,905
	7,841	10,648	22,455	7,969	4,601	18,309
	20,451	**27,972**	**50,814**	**21,051**	**11,913**	**47,362**
Number of persons	**1**	**3**	**14**	**1**	**2**	**15**

36. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
36.1 Financial assets at amortised cost			
Long-term deposits	8	**57,613**	57,613
Trade debts	10	**326,398**	351,053
Short-term loan *	11	**30,000**	30,000
Short-term deposits **	12	**18,695**	18,695
Accrued mark up/ profit	13	**29,267**	27,029
Other receivable ***	14	**2,515,651**	2,490,692
Bank balances	16	**6,568**	23,018
		2,984,192	2,998,100

* Advance amounting to Rs. 22.153 million (2020: 28.098 million) are non financial assets hence not taken.

** Prepayment amounting to Rs. 26.781 million (2020: 18.957 million) are non financial assets hence not taken.

*** Refund from Punjab Revenue Authority amounting to Rs. 34.956 million (2020: 34.956 million) are non financial assets hence not taken.

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
36.2	**Financial liabilities measured at amortised cost**			
	Long-term financing	18	**60,294**	84,494
	Lease liabilities	20	**21,482**	40,144
	Trade and other payables ****	22	**560,954**	814,063
	Current portion of long term financing and lease liabilities	24	**778,871**	782,311
	Accrued mark-up	23	**303,192**	239,122
	Unclaimed dividend		**4,394**	4,394
			1,729,187	1,964,528

**** Workers' welfare fund amounting to Rs. 4.964 million (2020: 4.964 million) are non financial liabilities hence not taken.

37. 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.

37.1 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.

37.1.1 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, 2021, 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. 7.862 million (2020: Rs. 7.945) 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.

37.1.2 Currency risk

Currency risk is the risk that the fair value or 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, 2021	June 30, 2020
	------- US $ -------	
Trade debts	**189,464**	256,130
Bank balances	**61**	204
Trade and other payables	**(130,677)**	(78,063)
Net exposure	**58,848**	178,271

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

Exchange rate (Rupees)	**157.74**	168.25

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, 2021	**+10**	**928**	**928**
	-10	**928**	**928**
June 30, 2020	+10	2,999	2,999
	-10	2,999	2,999

37.1.3 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, 2021 the Company is not exposed to equity price risk.

37.2 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 analysis the Company's maximum exposure to credit risk.

	June 30, 2021	June 30, 2020
	-- (Rupees in '000') --	
Long-term deposits	**57,613**	57,613
Trade debts	**326,398**	351,054
Loan and deposits	**48,695**	48,695
Accrued mark-up	**29,267**	27,029
Other receivables	**2,515,651**	2,490,692
Bank balances	**6,568**	23,018
	2,984,192	2,998,101

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, 2021	June 30, 2020
	-- (Rupees in '000') --	
Trade debts		
Customers with no defaults in the past one year	**326,398**	351,054
Bank balances		
A1+	**4,709**	-
A-1+	**1,651**	9,779
A-2	**208**	107
A-3	**-**	13,132
	6,568	23,018

37.3 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.

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.

37.4 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	Total
	-------------------(Rupees in '000')-----------------------			
Long-term financing	-	-	60,294	**60,294**
Trade & other payables	444,948	116,006	-	**560,954**
Unclaimed dividend	4,394	-	-	**4,394**
Accrued mark-up	303,192	-	-	**303,192**
Current portion of long term finance	742,300	18,090	-	**760,390**
June 30, 2021	**1,494,834**	**134,096**	**60,294**	**1,689,224**

	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	---------------------------(Rupees in '000')---------------------------			
Long-term financing	-	-	84,494	84,494
Trade & other payables	698,057	116,006	-	814,063
Unclaimed dividend	4,394	-	-	4,394
Accrued mark-up	239,122	-	-	239,122
Current portion of long term finance	576,571	183,739	-	760,310
June 30, 2020	**1,518,144**	**299,745**	**84,494**	**1,902,383**

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the unconsolidated financial statements. Maturity analysis of lease liabilities are disclosed in note 20.2 to theses unconsolidated financial statements.

37.5 Fair value of financial instruments

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

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.

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)

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.

37.6 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 18, 20 & 24 less cash and cash equivalent as disclosed in note 16 divided by equity as follows:

	June 30, 2021	June 30, 2020
	-- (Rupees in '000') --	
Total debt	**860,647**	906,949
Less: Cash & cash equivalent	**6,568**	23,018
Net debt	**854,079**	883,931
Total equity	**2,342,257**	2,069,069
Total debt and equity	**3,196,336**	2,953,000
Gearing ratio	**26.72%**	29.93%

38. 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 3.21.

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

		June 30, 2021	June 30, 2020
		-- (Rupees in '000') --	
Relationship: Wholly owned subsidiary companies			
Name	**Nature of transaction**		
Supernet Limited	Services rendered	-	13
Supernet E-Solutions (Private) Limited	Services received	**5,700**	5,748
Relationship: Entities having directors in common with the Company			
Name	**Nature of transaction**		
Provident fund	Contributions during the year	**7,407**	5,468
Remuneration and benefits	Key management personnel	**50,814**	80,326
Meeting fee	Non-executive directors	**400**	300

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

39. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest unaudited financial statements of the fund:

	Note	June 30, 2021	%	June 30, 2020	%
		------ (Rupees in '000') -------			
		(Un-audited)		(Audited)	
Size of the fund - Total assets		121,992		106,319	
Investemnt made at cost		78,173		89,370	
Fair value of investments	39.1	79,203		88,737	
Percentage of investments made		64.92%		83.46%	

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

Bank balances/deposits	72,324	91%	82,870	93%
Mutual funds	6,879	9%	5,867	7%
	79,203		88,737	

39.2 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.

39.3 The share of employees of the Company is 46% (2020: 45%) in the total assets of the fund.

40. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 133 (2020: 132) and average number of employees during the year were 133 (2020: 129).

41. 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'
Current portion of lease liabilities	Current portion of long term financing and lease liabilities	22,001

42. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 07 OCT 2021 by the board of directors of the Company.

43. GENERAL

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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Offices also at Faisalabad, Lahore & Islamabad

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 and its subsidiaries** (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, 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, 2021 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 15.1 (a) to the accompanying consolidated financial statements in respect of the lawsuit filed by the Group 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. 349.954 million in the accompanying consolidated financial statements which reflects amount determined under the most favorable alternative by a firm of Chartered Accountants appointed in accordance with the direction of the Court. 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;

ii. note 15.1 (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. As per legal advisor there is likelihood that the plaintiff will not succeed in its claim in this suit;

iii. note 15.2 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. 2,565.589 million in the accompanying consolidated financial statements in consultation with the legal advisor and the amount refundable to the Group in case of a successful outcome of its appeal is Rs. 1,547.559 million; and

iv. notes 26.1 to 26.16 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.	**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	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 15.1 to 15.7, 22.2.1 & 26.1

S. No.	Key Audit Matters	How the matter was addressed in our audit
		to 26.16 to the accompanying consolidated 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. • Authorization 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 for the year ended June 30, 2021, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and 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.

The 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

- 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.

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Mr. Muhammad Shabbir Kasbati.

Parker Russell AJS

(Chartered Accountants)

Date: 07 OCT 2021

Karachi.

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		-------- (Rupees in '000') --------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**723,785**	808,537
Intangible assets	5	**79,288**	81,304
Right-of-use assets	6	**39,316**	65,154
		842,389	954,995
Long-term deposits	7	**57,708**	88,344
Long-term Investment	8	-	-
Deferred taxation	9	**298,665**	336,583
		1,198,762	1,379,922
CURRENT ASSETS			
Communication stores	10	**125,529**	129,063
Trade debts	11	**1,340,380**	1,385,086
Loans and advances	12	**146,172**	144,998
Deposits and prepayments	13	**75,831**	78,878
Accrued mark-up	14	**29,267**	27,348
Other receivables	15	**2,564,724**	2,540,393
Taxation – net	16	**291,432**	327,419
Cash and bank balances	17	**165,764**	87,418
		4,739,099	4,720,603
TOTAL ASSETS		**5,937,861**	6,100,525

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		-------- (Rupees in '000') --------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (June 30, 2020: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
Issued, subscribed and paid-up capital	18	**3,000,000**	3,000,000
Foreign currency translation reserve		**(984)**	132
Accumulated profit / (loss)		**174,625**	(329,485)
Capital and reserves attributable to the owners of the Holding Group		**3,173,641**	2,670,647
Non-controlling interest		**(2,080)**	(2,065)
TOTAL EQUITY		**3,171,561**	2,668,582
NON-CURRENT LIABILITIES			
Long-term financing	19	**83,732**	139,182
Contractual liability to a contractor	20	**162,652**	336,870
Lease liabilities	21	**24,627**	45,226
Deferred liabilities	22	**8,510**	8,446
		279,521	529,724
CURRENT LIABILITIES			
Trade and other payables	23	**1,213,958**	1,710,365
Unclaimed dividend		**4,394**	4,394
Accrued interest/mark-up	24	**309,075**	245,154
Current portion of long term financing and lease liabilities	25	**959,352**	942,306
		2,486,779	2,902,219
Contingencies & commitments	26		
TOTAL EQUITY AND LIABILITIES		**5,937,861**	6,100,525

The annexed notes from 1 to 44 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, 2021

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Revenue – net	27	**3,873,309**	3,910,039
Direct costs	28	**(2,556,544)**	(2,710,540)
Gross profit		**1,316,765**	1,199,499
Administrative & distribution costs	29	**(849,065)**	(719,494)
Other operating expenses	30	**(1,742)**	(228,260)
Other income	31	**331,450**	70,575
		(519,357)	(877,179)
Operating profit		**797,408**	322,320
Finance costs	32	**(96,750)**	(159,580)
Profit before taxation		**700,658**	162,740
Taxation	33	**(194,063)**	(237,871)
Profit / (loss) for the year		**506,595**	(75,131)
Profit / (loss) is attributable to:			
Owners of the Holding Group		**506,610**	(73,912)
Non-controlling interests		**(15)**	(1,219)
		506,595	(75,131)
Earning / (loss) per share - basic & diluted - (Rupees)	34	**1.69**	(0.25)

The annexed notes from 1 to 44 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, 2021

	June 30, 2021	June 30, 2020
	--- (Rupees in '000') ---	
Net profit / (loss) for the year	**506,595**	(75,131)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	**(1,116)**	507
Total comprehensive income / (loss) for the year	**505,479**	(74,624)
Total comprehensive income / (loss) attributable to:		
Owners of the Holding Group	**505,494**	(73,405)
Non-controlling interests	**(15)**	(1,219)
	505,479	(74,624)

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Attributable to the owner of Holding Co.				
	Issued subscribed paid-up capital	**Accumulated profit / (loss)**	**Foreign currency translation reserve**	**Non - controlling interest**	**Total**
	---------------- (Rupees in '000') ----------------				
Balance as at June 30, 2019	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**
Net profit / (loss) for the year	-	506,610	-	(15)	506,595
Other comprehensive loss	-	-	(1,116)	-	(1,116)
Total comprehensive income / (loss) for the year	-	**506,610**	**(1,116)**	**(15)**	**505,479**
Cost of issuance of shares of Supernet Limited	-	**(2,500)**	-	-	**(2,500)**
Balance as at June 30, 2021	**3,000,000**	**174,625**	**(984)**	**(2,080)**	**3,171,561**

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**399,619**	437,419
Income tax paid		**(123,797)**	(251,831)
Finance costs paid		**(23,561)**	(46,074)
Retirement benefits paid		**(451)**	-
Long-term deposits paid		**-**	(3,987)
Net cash generated from operating activities		**251,810**	135,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(112,853)**	(161,220)
Interest income received		**5,293**	-
Addition to intangible assets		**-**	(1,448)
Proceeds from disposal of property, plant and equipment		**2,735**	-
Net cash used in investing activities		**(104,825)**	(162,668)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of obligation under finance lease		**-**	(1,009)
Repayment of long-term finances-net		**(43,245)**	(33,626)
Upfront payment made on restructuring of diminishing musharakah		**-**	(25,000)
Lease rentals against right-of-use assets		**(32,290)**	(19,938)
Short-term running financing- net		**8,239**	(680)
Net cash used in financing activities		**(67,296)**	(80,253)
Exchange difference on translation of foreign subsidiary		**(1,344)**	507
Net increase/ (decrease) in cash and cash equivalents		**78,346**	(106,887)
Cash and cash equivalents at the beginning of the year		**87,418**	194,305
Cash and cash equivalents at the end of the year	17	**165,764**	87,418

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

TELECARD LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 Infrastructure Solutions (Private) Limited
> 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 Infrastructure Solutions (Private) Limited is engaged in the business of consultancy supplies and deals in all type of computer accessories, software, hardware, system integration and multimedia services. Supernet Limited holds 100% equity of Supernet Infrastructure Solutions (Private) Limited.

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.

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 include the financial statements of the Holding Company and its subsidiaries.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies in majority of the cases. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

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.

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	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 1	Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities	January 01, 2023
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates)	January 01, 2023
IAS-12	Income Taxes (Amendments to narrow the scope of the initial recognition exemption)	January 01, 2023
IAS-16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS-41	Amendment Resulting from Annual Improvements to IFRS Standards 2018-2020 (the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from annual improvements to IFRS standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-3	Business Combinations - Amendments updating a reference to the conceptual framework	January 01, 2022
IFRS-4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments - Amendments resulting from annual improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 01, 2022
IFRS-16	Leases (Extension in respect of the practical expedient for COVID-19 related rent concession by one year)	July 01, 2021
IFRS-16	Amendment Resulting Annual Improvements to IFRS Standards 2018-2020 (to resolve any potential confusion that might arise in lease incentives)	January 01, 2022

IFRS-10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or joint venture).	The effective date for these changes has been deferred idenfinitely until the completion of a broader review.
	Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments introduse a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IOBR reform. The amendments also allow a series of exemptions from regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms.	January 01, 2022

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	July 01, 2009
IFRS 17	Insurance Contracts	January 01, 2022

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.

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	3.1,4 & 5
Provision for doubtful debts and other receivables	3.9
Accounting for staff retirement benefits	3.11 & 22.1
Recognition of tax and deferred tax	3.6, 9, 16 & 33
Contractual liability to a contractor	20
Other provisions and contingent liabilities	3.18 & 26
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14 & 21
Detemining the useful lives and carrying value of ROU assets	3.2 & 6

3. 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 presented in the financial statements unless otherwise stated.

3.1 Fixed assets

3.1.1 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 4 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.

3.1.2 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 is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit (CGU) (or the groups of CGUs) that are expected to benefit from the synergies of the operations irrespective of whether other assets or liabilities of the acquiree are assigned to these units or group of units.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in the consolidated profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.2 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

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"

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.10.1 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

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.

3.10.2 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.

3.10.3 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.

3.10.4 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.

3.10.5 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.

3.10.6 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.

3.10.7 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.

3.10.8 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.

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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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	-

3.20 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 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
Operating fixed assets	4.1	723,785	808,537

4.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2020	Additions/ Transfer*	(Disposals)	As at June 30, 2021	As at July 01, 2020	For the year	(On disposals)/ transfers	As at June 30, 2021	As at June 30, 2021	Depreciation rate per annum
						(Rs. in '000')					
Owned											
Freehold land	4.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		26,194	-	-	26,194	15,881	2,545	-	18,426	7,768	20%
Building on freehold land		625	-	-	625	4,619	31	-	4,650	(4,025)	5%
Apparatus, plant & equipment	4.1.2 & 4.1.3	7,748,131	104,953 35,775 *	-	7,888,859	7,000,637	183,314	22,214	7,206,165	682,694	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment		99,238	1,245	-	100,483	78,689	4,000	-	82,689	17,794	10-15%
Computers & related accessories	4.1.2	121,682	5,686	-	127,368	117,000	3,517	-	120,517	6,851	33%
Vehicles	4.1.2	35,564	969	(3,956)	32,577	25,599	582	(3,023)	23,158	9,419	20%
		8,065,329	**148,628**	**(3,956)**	**8,210,001**	**7,273,300**	**193,989**	**19,191**	**7,486,480**	**723,521**	
Leased Assets											
Plant & equipment		35,775	(35,775)	-	-	19,267	2,683	(22,214)	(264)	264	-
June 30, 2021		**8,101,104**	**112,853**	**(3,956)**	**8,210,001**	**7,292,567**	**196,672**	**(3,023)**	**7,486,216**	**723,785**	

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

	Cost				Accumulated depreciation				W.D.V.	
	As at July 01, 2019	Additions/ transfers*	(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	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	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	10-15%
Computers & related accessories	118,924	2,758	-	121,682	112,408	4,592	-	117,000	4,682	33%
Vehicles	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**	

4.1.1 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.

4.1.2 The cost of fully depreciated asset as at June 30, 2021 is Rs. 7,184.261 (June 30, 2020: Rs. 6,816.046) million.

4.1.3 Equipment, costing Rs. 1,166.13 million (June 30, 2020: Rs. 1,082.90 million), having a net book value of Rs. 364.626 million (June 30, 2020: Rs. 304.4 million) are in the possession of the customers of the Group in the ordinary course of business.

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
4.2 **Depreciation for the year has been allocated as follows:**			
Direct costs	28	**183,230**	149,351
Administrative & distribution costs	29	**13,442**	21,129
		196,672	170,480

5. INTANGIBLE ASSETS

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
Intangible assets	5.1	**79,288**	79,856
Capital work in progress- Software	5.3	-	1,448
		79,288	**81,304**

5.1 The statement of intangible assets is as follows:

	Note	Cost: As at July 01, 2020	Cost: Addition during the year	Cost: Translation during the year	Cost: As at June 30, 2021	Accumulated amortisation: As at July 01, 2020	Accumulated amortisation: For the year	Accumulated amortisation: As at June 30, 2021	W.D.V.: As at June 30, 2021	Period years
		--------	--------	--------	Rupees in '000'	--------	--------	--------		
LL Licenses	6.1.1	8,120	-	-	8,120	6,496	406	6,902	1,218	16-20
LDI License	6.1.2	29,029	-	-	29,029	22,704	1,548	24,252	4,777	18-20
Computer software		39,776	1,448	-	41,224	39,776	290	40,066	1,158	5
Goodwill		118,523	-	228	118,751	46,616	-	46,616	72,135	
June 30, 2021		**195,448**	**1,448**	**228**	**197,124**	**115,592**	**2,244**	**117,836**	**79,288**	

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

	Note	Cost: As at July 01, 2019	Cost: Addition during the year	Cost: Translation during the year	Cost: As at June 30, 2020	Accumulated amortisation: As at July 01, 2019	Accumulated amortisation: For the year	Accumulated amortisation: As at June 30, 2020	W.D.V.: 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**	

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 an 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 an effective period of 18-20 years, commencing July 27, 2004.

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
5.2	**Amortization for the year has been allocated as follows**			
	Direct costs	28	**1,954**	1,954
	Administrative & distribution costs	29	**290**	240
			2,244	2,194
5.3	**Capital work in progress- Intangibles**			
	Opening balance		**1,448**	-
	Additions		**-**	1,448
	Transferred to intangible assets		**(1,448)**	-
	Closing balance		**-**	1,448
6.	**RIGHT-OF-USE ASSETS**			
	As at July 01, 2020			
	Cost		**92,361**	92,361
	Accumulated depreciation		**(27,207)**	-
	Net book value		**65,154**	92,361
	Year ended June 30, 2021			
	Opening net book value		**65,154**	92,361
	Depreciation for the year	6.1	**(25,838)**	(27,207)
	Closing net book value		**39,316**	65,154
	As at June 30, 2021			
	Cost		**92,361**	92,361
	Accumulated depreciation		**(53,045)**	(27,207)
	Net book value		**39,316**	65,154
6.1	**Depreciation charge for the year on right-of-use assets has been allocated as follows:**			
	Direct costs	28	**23,484**	24,811
	Administrative expenses & distribution costs	29	**2,354**	2,396
			25,838	27,207

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
7.	**LONG-TERM DEPOSITS**			
	Security deposits - considered good			
	Line deposits – PTCL		**44,315**	44,315
	Deposit to foreign satellite bandwidth providers		-	23,476
	Rented premises		**3,018**	3,018
	China Orient Telecom Satellite Group		-	6,473
	Guarantee margin		**9,100**	9,100
	Others		**1,275**	1,962
			57,708	88,344

		Note	June 30, 2021	June 30, 2020
8.	**LONG-TERM INVESTMENT**			
	At fair value through other comprehensive income (FVOCI)			
	Augere Holdings (Netherlands) B.V.	8.1	**480,630**	480,630
	Loss allowance for ECL	8.2	**(480,630)**	(480,630)
			-	-

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
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 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 (June 30, 2020: Nil) and the entire carrying amount of investment has been impaired.

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	

9. DEFERRED TAXATION

	Note	June 30, 2021	June 30, 2020
Deferred tax credits arising on			
Accelerated tax depreciation		**(22,890)**	(43,649)
Exchange differences		**(4,637)**	-
Amortisation of intangible assets		**(1,739)**	(2,305)
		(29,266)	(45,954)
Deferred tax debits arising from			
Retirement benefits		**2,469**	2,450
Accelerated tax depreciation		**-**	5,064
Exchange differences		**-**	5,044
Provisions		**277,494**	375,618
Leases		**13,130**	21,104
Tax losses brought forward		**44,086**	35,722
		337,179	445,002
		307,913	399,048
Deferred tax asset not recognized	9.1	**(9,248)**	(62,465)
		298,665	336,583

9.1 Being prudent and based on future projections, the Group has not recognized deferred tax asset amounting to Rs. 9.248 million (June 30, 2020: 62.465 million).

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	

10. COMMUNICATION STORES

	Note	June 30, 2021	June 30, 2020
Stores		**113,213**	110,413
Provision against slow moving stores	10.1	**(16,875)**	(10,743)
		96,338	99,670
Consumables		**29,191**	29,393
		125,529	129,063

10.1 Provision against slow moving stores

		June 30, 2021	June 30, 2020
Opening balance		**10,743**	10,743
Provision for the year		**6,132**	-
Balance at the end of the year		**16,875**	10,743

11. TRADE DEBTS

	Note	June 30, 2021	June 30, 2020
Unsecured - considered good		**1,449,985**	1,512,603
Considered doubtful			
Loss allowance for debts considered doubtful	11.1	**(109,605)**	(127,517)
		1,340,380	1,385,086

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
11.1	**Loss allowance for ECL**			
	Opening balance		**127,517**	129,296
	Charge for the year	29	**40,537**	390
	Reversal of charge		**-**	(2,169)
	Provisions written off		**(58,450)**	-
			109,604	127,517

11.2 As at June 30, 2021 the ageing analysis of unimpaired 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: > 1 year
	---------------- (Rupees in '000') ----------------			
June 30, 2021	**1,340,380**	**559,849**	**193,504**	**587,027**
June 30, 2020	1,385,086	139,817	301,061	944,208

		Note	June 30, 2021	June 30, 2020
			--- (Rupees in '000') ---	
12.	**LOANS AND ADVANCES**			
	Loans- unsecured			
	Considered good			
	World Trade Center (Private) Limited	12.1	**30,000**	30,000
	Advances – unsecured			
	Considered good			
	Executives	12.2	**6,211**	3,923
	Employees		**33,177**	36,498
	Suppliers		**76,784**	74,577
			116,172	114,998
			146,172	144,998

12.1 This represent short term loan to World Trade Centre (Private) Limited, carrying mark-up rate of 3 months KIBOR plus 2.40% (June 30, 2020: 3 months KIBOR plus 2.40%) per annum.

12.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 6.211 (June 30, 2020: Rs.4.123) million.

	June 30, 2021	June 30, 2020
	--- (Rupees in '000') ---	
13. DEPOSITS AND PREPAYMENTS		
Deposits		
Earnest money	**24,669**	30,470
Margin against guarantee	**388**	5,487
Others	**21,324**	20,975
	46,381	56,932
Considered doubtful		
Earnest money	**2,441**	2,441
Loss allowance against deposits considered doubtful	**(2,441)**	(2,441)
	-	-
Prepayments		
Rent	**17,233**	12,024
Interconnect operators	**5,769**	6,352
Others	**6,448**	3,570
	29,450	21,946
	75,831	78,878

14. ACCRUED MARK-UP

Due from a bank	**7,000**	7,000
Mark-up on current accounts with third parties	**22,267**	20,348
	29,267	27,348

15. OTHER RECEIVABLES

	Note	June 30, 2021	June 30, 2020
		--- (Rupees in '000') ---	
Considered good			
Others			
Karachi Relief Rebate	15.1	**349,954**	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	15.2	**1,547,559**	1,547,559
Pakistan Telecommunication Authority - ARFSF	15.3	**48,135**	48,135
Pakistan Telecommunication Authority - others	15.4	**117,197**	117,197
Claim against a bank	15.5	**998**	998
Insurance claims		**4,306**	3,214
Due from a contractor		**2,935**	2,798
Punjab Revenue Authority (PRA)	15.6	**34,956**	34,956
Deposit with FBR under tax amnesty scheme	15.7	**2,991**	2,991
Others		**14,058**	15,139
		2,564,724	2,540,393
Considered doubtful			
Due from PTCL against WPS	15.8	**243,890**	243,890
Pakistan Telecommunication Authority	15.2	**76,428**	76,428
Karachi Relief Rebate		**-**	325,770
		320,318	646,088
Loss allowance for receivables considered doubtful	15.10	**(320,318)**	(646,088)
		-	-
		2,564,724	2,540,393

15.1(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 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, determination under the most favorable alternative amounted to Rs. 349.95 million, for the period commencing January 1997 to August 2001.

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 Company. In consultation with the legal advisor, provision for doubtful receivable in respect of Karachi relief rebate package amounting to Rs. 24.183 million was written back and provision for doubtful receivables amounting to Rs. 301.587 million was written off during current year to bring the receivable in respect of Karachi relief rebate in line with the determination under the most favorable alternative.

15.1(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 in this case 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 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 provisions 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 undertaking except in the ordinary course of business till the disposal of the case.

15.2 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. 1,893.153 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 additonal amount claimed by the PTA from the Group is Rs. 2,565.589 (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 LDI licensees including the Group have challenged the determinations on multiple grounds, including but not limited to a) that he PTA has not properly implemented the policy, term of the license, AP Rules and Regulations in calculating these amounts b) that in any case the amounts demanded by PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunctions has been granted. Appeals of the Group and certain other LDI's are pending adjudication before the Sindh High Court, while appeals of a few LDI licensees have been decided in favor 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.

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.

15.3 This represents principal amount and late payment fee paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. This matter is challenged by the Group in a writ petition. filed before the Islamabad High Court which is pending adjudication. the Group 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 Group was forced to make payment on this account, which has been approved by PTA effective 10 March 2019, however, the settlement on the acccount of related financial liability relating to said surrender is also under the above litigation.

15.4 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 year 2019, as a matter of prudence.

This also includes refund received from PTA on account of over payment against USF and R&D amounting to Rs. 3.980 million which shall be adjusted against future payments.

15.5 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 (June 30, 2020: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (June 30, 2020: 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.

15.6 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.

15.7 During the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Group as assesse 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. The ATIR after hearing remanded back the case to CIRA for careful consideration. The management in consultation with its tax advisor is confident of a favorable out come in respect of the above matter and believes that upon the conclusion of pending proceedings, the tax paid by the Group would become refundable.

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 Group has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 243.890 million refundable to it by PTCL. Further, the Group has also filed a claim for damages in the sum of Rs. 2,353.980 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

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, 2021	June 30, 2020
			---- (Rupees in '000') ----	
15.10	**Loss allowance for other receivables considered doubtful**			
	Opening balance		**646,088**	569,660
	Loss allownace against APC for USF from PTA	15.2	**-**	76,428
	Allowance against Karachi relief rebate package written back	15.1(a)	**(24,183)**	-
	Allowance against Karachi relief rebate package written back	15.1(a)	**(301,587)**	-
			320,318	646,088
16.	**TAXATION – NET**			
	Advance income tax		**451,216**	653,284
	Provision for taxation	33	**(159,784)**	(325,865)
			291,432	327,419
17.	**CASH AND BANK BALANCES**			
	Cash at banks			
	In current accounts			
	Local currency		**18,144**	26,166
	Foreign currency		**95,559**	2,463
			113,703	28,629
	In savings accounts			
	Local currency		**51,871**	58,729
	Cash in hand		**190**	60
			165,764	87,418

17.1 These carry mark-up at rates, ranging between 3.76% to 5.70% (June 30, 2020: 3.1% to 11.9%) per annum.

	June 30, 2021	June 30, 2020
	---- (Rupees in '000') ----	

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2021	June 30, 2020			
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

18.1 As at reporting date, chief executive officer, directors and their spouses held 7.59% (June 30, 2020: 7.59%), associated undertakings held 1.83% (June 30, 2020: 1.83%) and the balance of 90.58% (June 30, 2020: 90.58%) are held by individuals and others.

18.2 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.

19. LONG-TERM FINANCING

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000') ----	
Secured			
From banks and financial institutions			
Term Finance	19.1	**54,688**	70,313
Diminishing Musharaka-I	19.2	**-**	3,500
Diminishing Musharaka-II	19.3	**84,494**	108,614
		139,182	182,427
Current maturity:			
Term Finance	25	**(31,250)**	(15,625)
Diminishing Musharaka-I	25	**-**	(3,500)
Diminishing Musharaka-II	25	**(24,200)**	(24,120)
Current maturity shown under current liabilities		**(55,450)**	(43,245)
		83,732	139,182
Term finance certificates	19.4	**736,190**	736,190
Overdue instalments	25	**(736,190)**	(570,541)
Current maturity shown under current liabilities	25	**-**	(165,649)
		-	-
		83,732	139,182

19.1 This represent term finance facility obtained from a commercial bank during year 2017. This facility is repayable in 16 equal quarterly instalments after a grace period of one year with the first instalment starting from January, 2018. The facility carries mark-up at the rate of three months 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 of shares of Holding Company and third party equitable mortgage the property.

During the last year, the Group availed the relief package as announced by the State Bank of Pakistan (SBP) BPRD through circular letter no.13 of 2020 to dampen the effects of COVID-19 on corporate availing financing facilities and as a result of this, the remaining quarterly instalments were deferred for one year.

19.2 This facility was obtained from a commercial bank and was repayable in 36 monthly equal instalments carrying profit at the rate of 6 month KIBOR plus 2% p.a (June 30, 2020: 6 month KIBOR plus 2% p.a). The facility was secured by way of first pari passu charge over musharaka asset, lien over the PLS account maintained with the bank and cross corporate guarantee of the Holding Company. The facility has been fully settled during the reporting period.

19.3 A rescheduling agreement dated December 03, 2019 was agreed between the Group and the Bank in respect of Diminishing Musharaka Facility. According to the rescheduled agreement, an upfront payment of Rs. 25 million was paid by the Group, and as a result, the accrued mark-up upto the date of reschedule agreement on outstanding balance of Rs. 145.614 million was approved to be waived-off which was charged to the profit and loss during the year ended June 30, 2020 amounting to Rs. 20.459 million.

The rescheduled facility is repayable in 20 equal quarterly installment of Rs. 6.03 million each with first installment commencing from February, 2020. This facility carries mark-up at the rate of 3 month KIBOR with a floor of 7.5% payable with first quarterly installment of mark-up commencing from November, 2022. This facility is secured against pari passu charge over the current assets of the Group and ranking charge over the fixed assets of the Group.

19.4 This represents listed Term Finance Certificates (TFC's) issued by the Group. 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 (June 30, 2020: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs. 800 million (June 30, 2020: Rs.800) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA. Subsequent to the year end, the Group has approached to the TFC holders for the restructuring of TFC's.

	June 30, 2021	June 30, 2020
	-- (Rupees in '000') --	

20. CONTRACTUAL LIABILITY TO A CONTRACTOR

Unsecured		
Advance from a contractor	**336,870**	337,900
Taken to profit or loss account during the current year upon rendering of services	**-**	(1,030)
Liabilities no longer payable written back	**(174,218)**	-
	162,652	336,870

20.1 On April 30, 2010, the group received payment on account of provision of infrastructure services to the contractor for future periods. Although the network agreement does not specify the period in which such infrastructure services are to be provided by the group to the Contractor, the group estimates that based on the maximum usage level, the entire value of the Credit Note will not be exhausted during the balance life of its LL license.

Since advance from the Contractor is not refundable and can be utilized against infrastructure services only, the Group has recognized to the income during the current year such amount that can reasonably be estimated as in excess of the amount that can be utilized over the remaining life of its LL License. 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, 2021	June 30, 2020
	-- (Rupees in '000') --	

21. LEASE LIABILITIES

Lease liabilities	**45,276**	69,273
Current portion of lease liabilities	**(20,649)**	(24,047)
	24,627	45,226

21.1 Reconciliation of the carrying amount is as follows:

Opening balance	**69,273**	89,211
Accretion of interest	**8,293**	11,323
Lease rental payments made during the year	**(32,290)**	(31,261)
Lease Liability as at June 30	**45,276**	69,273
Current portion of lease liabilities	**(20,649)**	(24,047)
Long-term lease liabilities as at June 30	**24,627**	45,226

		Note	June 30, 2021	June 30, 2020
			-- (Rupees in '000') --	
21.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**25,386**	31,698
	Later than one year but not later than five years		**27,597**	52,983
			52,983	84,681
	Future finance charge		**(7,707)**	(15,408)
	Present value of lease liabilities		**45,276**	69,273
22.	**DEFERRED LIABILITIES**			
	Staff gratuity	22.1	**8,510**	8,446
	Spectrum fee payable	22.2	**-**	-
			8,510	8,446
22.1	**Staff gratuity**			
	Reconciliation of obligations as at year end			
	Present value of defined benefit obligation	22.1.1	**8,510**	8,446
22.1.1	**Movement in liability**			
	Net liability at beginning of the year		**8,446**	8,008
	Charge for the year		**515**	438
	Benefits paid during the year		**(451)**	-
			8,510	8,446

22.1.2 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, 2021	June 30, 2020
Expected rate of increase in salaries, per annum	**7.00%**	7.00%
Expected discount rate, per annum	**10.50%**	10.50%

		June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
22.1.3	**Comparison for five years**	(Rupees in '000')				
	Present value of defined benefit obligation	**8,510**	8,446	8,008	7,982	5,808

		June 30, 2021	June 30, 2020
22.2	**Spectrum fee payable**	(Rupees in '000')	
	As on July 1	**317,100**	317,100
	Payment to PTA	**(170,607)**	-
	Offered to PTA shown as current maturity	**(146,493)**	(317,100)
		-	-

22.2.1 This represents balance Initial Spectrum Fee (ISF) in respect of license and related frequencies acquired by the Group. The total value of ISF for 450MHz and 1900MHz was assigned at Rs. 3.171 billion in 2004. 50% of this amount was paid upfront will 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 (MoIT), to grant a moratorium for payment of the balance 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 installments, 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 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 SCN was followed by a PTA determination dated June 03, 2011 upholding the SCN. The Group 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 fee in installments. The appeal of the Group was turned by the 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 position 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 MoIT's Order to receive the balance ISF in installments. This request was granted by the IHC in December 2013, and it instructed the PTA to receive the amount in installments. In order to implement the decision, the MoIT instructed the PTA to finalize the installment plan with the WLL Operators. However, instead of complying with the Order of IHC and instructions from MoIT, the PTA chose of file an Intra Court Appeal (ICA) against the Order of IHC, and the matter remained unsolved. During the previous year the Group attempted to make the payment in installments, but such payment was also rejected. Eventually, the ICA was decided against the Group, whereby it request to make the payment of the balance Initial Spectrum Fee in installment was rejected.

The Group filed a CPLA in the Supreme Court of Pakistan against the decision of 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.

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. This settlement is being honored by the Group, and payment amounting to Rs. 170.607 million has been made during the year. Further post-dated cheques amounting to Rs. 50 million have also been issued to PTA.

23. TRADE AND OTHER PAYABLES

	Note	June 30, 2021	June 30, 2020
		----(Rupees in '000')----	
Pakistan Telecommunication Group Limited (PTCL)			
LL & LDI charges		-	56,677
Others		542	542
		542	57,219
Interconnect operators		11,989	12,314
Others		730,811	941,755
		743,342	1,011,288
Other payables			
Current accounts with related parties	23.1	-	-
Spectrum fee payable	22.2	146,493	317,100
Contractual liability to customers		15,503	18,896
Advances from franchisees		200	200
Accrued liabilities		175,798	273,700
Payable to employees provident fund		107	2,254
Workers' welfare fund		7,746	7,746
Others		124,769	79,181
		470,616	699,077
		1,213,958	1,710,365

23.1 During the year, long outstanding liabilities amounting to Rs. 66.764 million which are no longer payable were written back by the Group.

		Note	June 30, 2021	June 30, 2020
			----(Rupees in '000')----	
24.	**ACCRUED INTEREST/MARK-UP**			
	On secured			
	Interest / mark-up against financing		**276,133**	215,951
	On unsecured current accounts			
	Others		**32,942**	29,203
			309,075	245,154

		Note	June 30, 2021	June 30, 2020
25.	**CURRENT PORTION OF LONG TERM FINANCING AND LEASE LIABILITIES**			
	Running finance from bank - secured	25.1	**147,063**	138,824
	Current maturity of long term financing:			
	Current maturity & overdue instalments of term term finance certificates	19.4	**736,190**	736,190
	Current maturity of term finance	19.1	**31,250**	15,625
	Current maturity of diminishing musharaka I	19.2	**-**	3,500
	Current maturity of diminishing musharaka II	19.3	**24,200**	24,120
			791,640	779,435
	Current portion of lease liabilities	21	**20,649**	24,047
			959,352	942,306

25.1 This represents running finance facility aggregated to Rs. 150.000 (2020: 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% (June 30, 2020: 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. 2.937 (June 30, 2020: 11.176) million.

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 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 Company has filed a review Petition challenging the same which is currently pending before the Supreme Court of Pakistan, Nonetheless the Group

26.2 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.

26.3 The Group has challenged the demand of APC for USF from PTA in the aggregate sum of Rs. 3,904.241 million including principal amount of Rs. 1,304.900 million and late payment additional fees amounting to Rs. 2,599.340 million through an appeal and a suit filed in 2012 and 2017, respectively, before the Sindh High Court. The status in the latter case is that the Court has passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Group. Management, in consultation with their legal advisor is of the view that the Group has a good and arguable case on merits and the suit is likely to be decreed in favor of the Group.

26.4 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.

26.5 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 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 01, 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 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 (CP) before the High Court of Sindh for setting aside order dated April 30, 2013 passed by CCP. The Sindh High Court has suspended the impugned order on September 05, 2013, and the matter is pending before the Competition Appellate Tribunal. The Tribunal has admitted the appeal for hearing and also suspended operation of the order impugned in this appeal.

26.6 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.

26.7 PTCL's claim amounting to Rs.1,634.703 million (June 30, 2020: Rs.1,632.840 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.

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

26.9 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 15.2 and 22.2.1 to the financial statements.

26.10 No provision on account of above contingencies including note 26.8 and 26.9 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.

26.11 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public 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. 50.021 million (June 30, 2020: Rs. 54.407 million). Out of this amount, a sum of Rs. 18.942 million (June 30, 2020: Rs. 20.675 million) had been withheld from the payments made by the Group to the above-referred entity. The balance amount of Rs. 31.079 million (June 30, 2020: Rs. 33.732 million) has not been provided for in these unconsolidated 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 Company's favor 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 the Group's unconsolidated financial statements.

26.12 A suit was filed by Huawei Technologies Company Limited, China, during the year ended June 30, 2002, in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs. 46.227 million (June 30, 2020: Rs. 50.280 million) and a compensation of US$270,000 [approximately Rs. 41.604 million (June 30, 2020: Rs. 45.252 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 be decided in Company's favor, 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 the Group's unconsolidated financial statements.

26.13 The Group entered into a Master Services Agreement (MSA) with Intelsat Corporation in 2011, and various Service Orders with Intelsat Corporation and its affiliates (Intelsat), the last of which was amended in 2018. In 2020, the Group was already in discussion with Intelsat regarding a number of issues, including that it was unable to sell a certain portion of satellite capacity onwards to its customers and utilize the certain capacity purchased for the dedicated purpose due to the fact that, amongst other things, the licenses required by the Group's customers had been delayed by the Government of Pakistan. The said unsold and unusable capacity that the Group was forced to pay for, along with the artificially high rates charged by Intelsat were not in line with the market and was causing loss of business and profitability for the Group.

In May 2020, Intelsat declared bankruptcy due to its inability to meet its debt and other liabilities and as a result of the same, the Group's discussions and negotiations with Intelsat came to a halt. Intelsat's bankruptcy also exposed the Group and its customers to risks about dependability and continuity of services, and increased the risk of termination of service by the Group's customers. Additionally, Intelsat due to its financial crises began unreasonably pressurizing the Group for unjustified payments for unsold and unused capacity.

Considering this, the Group migrated its networks to other service providers and terminated the agreement with Intelsat Corporation. In response, Intelsat has filed a suit in the US to recover an amount of approximately US$10mn, mostly on account of services which were to be rendered in future by Intelsat to the Group. The management of the Group in consultation with their legal advisor is confident that no negative outcome is expected and accordingly no provision in this regard has been made by the management in these unconsolidated financial statements.

The Group has challenged the claim of Intelsat, and has filed a Suit for damages before the High Court of Sindh against Intelsat for recovery of the overcharged amounts and damages for loss of business and profits estimated in excess of US$18mn.

26.14 The income tax assessments of the Group have been finalized up to and including the tax year 2020. While finalizing 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 (June 30, 2020: 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 favor 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.

26.15 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 (June 30, 2020: Rs. 13.272 million) was raised. the Group through its tax consultant is pursuing the matter. So far, no adverse 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 favor of the Group. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

26.16 The Group was issued a show cause notice (SCN) by PTA in 2015 alleging, amongst other things, that the Group did not seek a Commencement Certificate from PTA when License was issued in the year 2009. Subsequently an order was passed by PTA threatening to suspend the License. The Order was challenged by the Group before the High Court through an Appeal, which was disposed off by the High Court in March 2020 requiring the Group to comply with the PTA requirements. The Group has since complied with such requirements, and is awaiting completion of the process by the PTA for issuance of the Commencement Certificate. In parallel, the Group has filed an appeal in the Supreme Court (SC) to contest the decision of the High Court. No assessment of any financial liability that may arise can be made at this stage arising out of the above matter, hence no provision has been made in these unconsolidated financial statements that may arise as an outcome of this matter.

26.17 The Group has committed to deposit an amount of Rs. 22.307 million (June 30, 2020: nil) in terms of security deposit to its satellite bandwidth vendor.

26.18 Letters of guarantee, amounting to Rs. 80.265 million (June 30, 2020: Rs. 81.625 million), have been issued by commercial banks on behalf of the Group.

		Note	June 30, 2021	June 30, 2020
			-----(Rupees in '000')-----	
27.	**REVENUE – NET**			
	Turnover		**3,265,586**	3,625,759
	Services rendered to the Contractor under the Network Agreement		**-**	1,000
	Turnkey projects		**353,479**	167,052
	Sale of equipment		**254,244**	116,228
			3,873,309	3,910,039
28.	**DIRECT COSTS**			
	Salaries and other benefits	28.1	**189,324**	182,389
	Interconnect charges – net		**155,922**	150,700
	Network media charges		**266,059**	286,273
	Short-term leases - network sites rental		**38,647**	44,345
	Network sites utilities and maintenance		**123,418**	107,621
	Satellite bandwidth & communication charges		**1,056,277**	1,472,378
	Cost of turn key projects		**180,803**	119,189
	Communication stores consumed	28.2	**198,635**	85,769
	Support service cost		**55,440**	16,986
	Repairs and maintenance		**939**	853
	Royalty	28.3	**4,498**	7,031
	Consultancy		**5,759**	8,134
	Conveyance and travelling		**5,826**	5,829
	Subscription charges		**6,812**	-
	Communication		**2,297**	3,097
	Insurance		**7,618**	6,881
	Annual license fee		**26,937**	16,205
	Depreciation on operating fixed assets	4.2	**183,230**	149,351
	Depreciation on right-of-use assets	6.1	**23,484**	24,811
	Amortisation	5.2	**1,954**	1,954
	Others		**22,665**	20,744
			2,556,544	2,710,540

28.1 This includes a sum of Rs. 5.897 (June 30, 2020: Rs. 5.305) million in respect of the Group's contribution towards provident fund.

		June 30, 2021	June 30, 2020
		-----(Rupees in '000')-----	
28.2	**Communication stores consumed**		
	Opening stock	**129,063**	128,151
	Purchases	**195,101**	86,681
		324,164	214,832
	Closing stock	**(125,529)**	(129,063)
		198,635	85,769

28.3 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, 2021	June 30, 2020
		-----(Rupees in '000')-----	
29. ADMINISTRATIVE & DISTRIBUTION COSTS			
Salaries and other benefits	29.1	**564,861**	482,612
Postage, telephone and telex		**2,368**	1,998
Vehicle running and maintenance		**15,785**	14,871
Travelling and entertainment		**15,811**	10,351
Office security and maintenance		**8,347**	6,313
Stationery		**2,064**	2,420
Rent and utilities		**119,141**	112,604
Insurance		**6,621**	5,732
Legal and professional		**19,157**	16,642
Auditors' remuneration	29.2	**6,477**	4,527
Sales promotion and marketing		**1,287**	4,469
Fee and subscription		**2,896**	3,209
Depreciation on operating fixed assets	4.2	**13,442**	21,129
Depreciation on right-of-use assets	6.1	**2,354**	2,396
Amortisation	5.2	**290**	240
Repair and maintenance		**8,947**	8,303
Communication		**2,656**	3,076
Loss allowance for debts considered doubtful		**40,537**	390
Provision against slow moving stores		**6,132**	-
Others		**9,892**	18,212
		849,065	719,494

29.1 This includes Rs. 0.442 million in respect of gratuity expense for the year (2020: Rs.0.438 million) and Rs.11.548 (2020: Rs.9.225) million in respect of the Group's contribution towards provident fund.

	June 30, 2021	June 30, 2020
	-----(Rupees in '000')-----	
29.2 Auditors' remuneration		
The Holding Company		
Fee for the audit of annual financial statements	**2,000**	2,000
Fee for the audit of consolidated financial statements	**350**	350
Fee for the review of half yearly financial statements and other certifications	**1,793**	1,190
Out-of-pocket expenses	**180**	164
	4,323	3,704
Subsidiaries		
Fee for the audit of annual financial statements	**1,132**	673
Fee for the audit of consolidated financial statements	**200**	-
Other services	**600**	-
Out of pocket expenses	**222**	150
	2,154	823
	6,477	4,527

		Note	June 30, 2021	June 30, 2020
			-----(Rupees in '000')-----	
30.	**OTHER OPERATING EXPENSES**			
	Exchange loss - net		**1,742**	51,844
	Receivable from PTA against APC for USF written-off		**-**	99,988
	Loss allowance against APC for USF from PTA		**-**	76,428
			1,742	228,260
31.	**OTHER INCOME**			
	Income from financial assets			
	Income on saving accounts		**5,293**	10,007
	Provision written back		**42,093**	2,169
	Liabilities no longer payable written back	23.1	**223,072**	31,868
			270,458	44,044
	Mark-up on loan to World Trade Center (Private) Limited		**2,894**	4,464
	Income from non-financial assets			
	Gain on sale of fixed assets		**1,802**	-
	Exchange gain - net		**47,600**	1,358
	Scrap sale		**8,596**	-
	Accrued mark-up written-back	19.3	**-**	20,459
	Others		**100**	250
			58,098	22,067
			331,450	70,575
32.	**FINANCE COSTS**			
	Mark-up on secured:			
	Long-term financing		**6,694**	12,669
	Term finance certificates		**53,941**	95,231
	Short-term financing		**20,471**	30,941
	Mark-up on current accounts with others		**2,483**	4,849
	Lease liabilities against ROU assets		**8,293**	11,323
	Mark-up on unpaid contribution to provident fund		**215**	-
	Finance lease obligation		**-**	65
	Bank charges		**4,653**	4,502
			96,750	159,580
33.	**TAXATION**			
	Current	33.1	**152,676**	240,775
	Prior		**7,108**	(2,904)
	Deferred		**34,279**	-
			194,063	237,871

33.1 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 2020, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 26.6 & 26.14).

		June 30, 2021	June 30, 2020
34.	**EARNING/(LOSS) PER SHARE – BASIC AND DILUTED**		
	Profit/(loss) attributable to the owners of the Holding Group (Rs in '000')	**506,610**	**(75,131)**
	Weighted average number of shares (In thousands)	**300,000**	**300,000**
	Basic earning / (loss) per share (Rupees)	**1.69**	**(0.25)**

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

35. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2021	June 30, 2020
		----(Rupees in '000')----	
Profit before taxation		**700,658**	162,740
Adjustments for non-cash charges and other items			
Depreciation on operating fixed assets	4.2	**196,672**	170,480
Depreciation on right-of-use assets	6.1	**25,838**	27,207
Amortisation	5.2	**2,244**	2,194
Provision for gratuity		**515**	438
Unrealised exchange gain		**(16,695)**	(1,358)
Income on saving accounts		**(5,293)**	-
Finance costs		**96,750**	155,078
Loss allowance for debts considered doubtful	11.1	**40,537**	(1,779)
Mark-up on loan to World Trade Center (Private) Limited		**(2,894)**	-
Provision against slow moving stores		**6,132**	-
Accrued mark-up written-back		**-**	(20,459)
Liabilities no longer payable written-back		**(223,072)**	(32,898)
Adjustment of long-term deposits		**30,636**	-
Provisions written back		**(42,093)**	-
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		**(1,802)**	-
		107,475	475,319
Profit before working capital changes		**808,133**	638,059
(Increase) / decrease in current assets			
Communication stores		**(2,598)**	(912)
Trade debts		**4,169**	46,450
Loans and advances		**(1,174)**	(48,543)
Deposits and prepayment		**3,047**	(17,359)
Other receivables		**(148)**	5,386
Accrued mark-up		**-**	(2,555)
		3,296	(17,533)
Increase / (decrease) in trade and other payables		**(411,809)**	(183,107)
Cash generated from operations		**399,619**	437,419

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

	June 30, 2021			June 30, 2020		
	Chief Executive Officer of the Holding Company	Director	Executives	Chief Executive Officer of the Holding Company	Director	Executives
	------ (Rupees in '000') ------			------ (Rupees in '000') ------		
Managerial remuneration	**12,610**	**17,324**	**149,751**	13,082	7,312	245,819
Other perquisites and benefits:						
House rent	**5,674**	**7,796**	**12,761**	5,887	3,290	16,473
Medical	**35**	**120**	**2,490**	-	16	1,748
Retirement benefits	**871**	**1,000**	**5,537**	774	564	16,409
Prequisites and benefits	**1,261**	**1,732**	**96,847**	1,308	731	203,699
	7,841	**10,648**	**117,635**	7,969	4,601	238,329
	20,451	**27,972**	**267,386**	21,051	11,913	484,148
Number of persons	**1**	**3**	**49**	**1**	**2**	**53**

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 non-executive directors amounting to Rs.0.400 (June 30, 2020: 0.300) million.

36.2 Executives as mentioned above include chief executive officers of subsidiaries.

37. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	June 30, 2021	June 30, 2020
		----(Rupees in '000')----	
37.1 Financial assets at amortised cost			
- Long-term deposits	7	**57,708**	88,344
- Trade debts	11	**1,340,380**	1,385,086
- Short-term loan	12	**30,000**	30,000
- Short-term deposits	13	**46,381**	56,932
- Accrued mark up / profit	14	**29,267**	27,348
- Other receivable	15	**2,526,777**	2,502,446
- Cash and bank balances	17	**165,764**	87,418
		4,196,277	4,177,574
37.2 Financial liabilities measured at amortised cost			
- Long-term financing	19	**83,732**	139,182
- Lease liabilities	21	**24,627**	45,226
- Trade and other payables	23	**1,202,328**	1,687,916
- Current portion of long term financing and lease liabilities	25	**959,352**	942,306
- Accrued mark-up	24	**309,075**	245,154
- Unclaimed dividend		**4,394**	4,394
		2,583,508	3,064,178

38. 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.

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, 2021, 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. 9.405 (June 30, 2020: 10.070) 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.

38.1.2 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, 2021	June 30, 2020
	-------- US$ -------	
Trade debts	**189,464**	347,795
Bank balances	**61**	757
Trade and other payables	**(4,915,531)**	(2,992,040)
	(4,726,006)	(2,643,488)
The following significant exchange rates have been applied at the reporting dates:		
Exchange rate (Rupees)	**157.74**	168.25

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.

	Change in US dollar rate (%)	Effect on profit/(loss)	Effect on Equity
		----(Rupees in '000')----	
June 30, 2021	+10	(74,548)	(74,548)
	-10	74,548	74,548
June 30, 2020			
	+10	(44,477)	(44,477)
	-10	44,477	44,477

38.1.3 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, 2021 the Group is not exposed to equity price risk.

38.1.4 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, 2021	June 30, 2020
	----(Rupees in '000')----	
Trade debts	**1,340,380**	1,385,086
Long-term deposits	**57,708**	88,344
Loans	**30,000**	30,000
Short term deposits	**46,381**	56,932
Other receivables	**2,526,777**	2,502,446
Accrued mark-up	**29,267**	27,348
Bank balances	**165,574**	87,358
	4,196,087	4,177,514
Trade debts		
Customers with no defaults in the past one year	**1,340,380**	1,385,086
Bank balances		
A1+	**164,548**	73,716
A-2	**1,026**	200
A-1	-	310
A-3	-	13,132
	165,574	87,358

38.1.5 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:

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	(Rupees in '000')				
Long-term financing	-	-	-	83,732	83,732
Trade & other payables	146,493	1,043,909	-	-	1,190,402
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	-	309,075	-	-	309,075
Current portion of long term finance	147,063	750,052	41,588	-	938,703
June 30, 2021	**297,950**	**2,103,036**	**41,588**	**83,732**	**2,526,306**

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	(Rupees in '000')				
Long-term financing	-	-	-	139,182	139,182
Trade & other payables	317,100	1,364,169	-	-	1,681,269
Unclaimed dividend	-	4,394	-	-	4,394
Accrued mark-up	-	245,154	-	-	245,154
Current portion of long term finance	138,824	750,532	28,903	-	918,259
June 30, 2020	455,924	2,364,249	28,903	139,182	2,988,258

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 21.2 to the consolidated financial statements.

38.1.6 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.

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.

38.1.7 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, 2021	June 30, 2020
	----(Rupees in '000')----	
Total debts	1,214,204	1,443,814
Cash and cash equivalent	(165,764)	(87,418)
Debt	**1,048,440**	1,356,396
Issued, subscribed and paid-up capital	3,171,561	2,668,582
Total capital	**3,171,561**	2,668,582
Capital and debt	**4,220,001**	4,024,978
Gearing ratio	**24.8%**	33.7%

39. TRANSACTIONS WITH RELATED PARTIES

The related parties include entities 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, 2021	June 30, 2020
	----(Rupees in '000')----	
Key management personnel		
Remuneration and benefits	**315,809**	517,112
Non-executive directors		
Meeting fee	**400**	300

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

40. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2021 (Un-audited) (Rs. in '000')	2020 (Audited) (Rs. in '000')
Size of the fund - total assets		**121,992**	112,544
Cost of the investment made		**78,173**	87,636
Fair value of investmen	40.1	**79,203**	88,074
Percentage of investments made		**64.92%**	78.26%

		June 30, 2021 (Un-audited) (Rs. in '000')	%	June 30, 2020 (Audited) (Rs. in '000')	%
40.1	**The break-up of fair value of investments is:**				
	Bank balances/deposits	72,324	91%	82,225	93
	Mutual funds	6,879	7%	5,849	7
		79,203		88,074	

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

41. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 587 (June 30, 2020: 561) and average number of employees during the year were 575 (June 30, 2020: 558).

42. CORRESPONDING FIGURES

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

Reclassified from:	**Reclassified to:**	**Rs. '000**
Trade and other payables - Others	Trade and other payables - Accrued liabilities	44,296
Loans and advances - Employees	Trade and other payables - Accrued liabilities	3,353
Current portion of lease liabilities - Current portion of lease liabilities	Current portion of long term financing and lease liabilities - Current portion of lease liabilities	24,047

43. AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 07 OCT 2021 by the board of directors of the Holding company.

44. GENERAL

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

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

TELECARD LIMITED

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS AS AT 30/06/2021

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
238	1	-	100	8,970
1,026	101	-	500	487,526
1,423	501	-	1000	1,411,346
3,337	1001	-	5000	10,175,617
1,292	5001	-	10000	10,705,866
531	10001	-	15000	7,046,834
365	15001	-	20000	6,815,313
283	20001	-	25000	6,775,336
158	25001	-	30000	4,548,835
97	30001	-	35000	3,236,510
96	35001	-	40000	3,726,500
67	40001	-	45000	2,933,617
112	45001	-	50000	5,529,253
30	50001	-	55000	1,596,040
48	55001	-	60000	2,827,000
26	60001	-	65000	1,649,500
29	65001	-	70000	1,993,000
19	70001	-	75000	1,415,505
23	75001	-	80000	1,804,846
7	80001	-	85000	586,500
9	85001	-	90000	800,000
10	90001	-	95000	942,500
74	95001	-	100000	7,380,500
8	100001	-	105000	823,000
9	105001	-	110000	979,500
7	110001	-	115000	785,500
6	115001	-	120000	715,500
9	120001	-	125000	1,122,500
2	125001	-	130000	256,000
2	130001	-	135000	267,500
5	135001	-	140000	695,000
4	140001	-	145000	577,000
17	145001	-	150000	2,542,000
4	150001	-	155000	620,000
4	155001	-	160000	630,500
2	160001	-	165000	324,000

2	165001	-	170000	338,000
6	170001	-	175000	1,045,500
4	175001	-	180000	710,500
3	180001	-	185000	551,000
4	185001	-	190000	759,000
3	190001	-	195000	581,521
18	195001	-	200000	3,600,000
2	200001	-	205000	405,016
2	205001	-	210000	416,000
3	210001	-	215000	640,500
1	215001	-	220000	215,500
3	220001	-	225000	671,000
2	225001	-	230000	453,521
2	230001	-	235000	468,500
2	235001	-	240000	478,000
13	245001	-	250000	3,245,500
3	250001	-	255000	762,000
2	255001	-	260000	517,500
1	265001	-	270000	270,000
3	270001	-	275000	819,000
2	275001	-	280000	555,500
2	280001	-	285000	564,403
1	290001	-	295000	293,500
12	295001	-	300000	3,599,000
2	300001	-	305000	605,000
1	305001	-	310000	310,000
1	315001	-	320000	317,500
2	320001	-	325000	646,000
2	325001	-	330000	657,302
4	330001	-	335000	1,332,000
1	335001	-	340000	336,000
2	345001	-	350000	700,000
1	355001	-	360000	358,500
1	385001	-	390000	389,500
4	395001	-	400000	1,600,000
1	400001	-	405000	401,600
1	435001	-	440000	438,500
1	445001	-	450000	450,000
1	450001	-	455000	452,000
1	485001	-	490000	487,000
4	495001	-	500000	2,000,000

1	500001	-	505000	500,101
1	520001	-	525000	525,000
1	545001	-	550000	550,000
2	560001	-	565000	1,128,696
2	585001	-	590000	1,175,000
2	590001	-	595000	1,182,638
1	595001	-	600000	600,000
1	630001	-	635000	634,375
1	695001	-	700000	700,000
1	725001	-	730000	727,255
1	770001	-	775000	775,000
2	820001	-	825000	1,645,500
1	830001	-	835000	832,500
1	875001	-	880000	876,000
1	910001	-	915000	915,000
1	1070001	-	1075000	1,073,642
1	1295001	-	1300000	1,300,000
1	1355001	-	1360000	1,357,000
1	1375001	-	1380000	1,380,000
1	1420001	-	1425000	1,424,362
1	2310001	-	2315000	2,310,828
1	2495001	-	2500000	2,500,000
1	2640001	-	2645000	2,641,500
1	2930001	-	2935000	2,932,003
1	3055001	-	3060000	3,060,000
1	3890001	-	3895000	3,894,858
1	4490001	-	4495000	4,491,500
1	4595001	-	4600000	4,600,000
1	7315001	-	7320000	7,320,000
1	22500001	-	22595000	22,500,180
1	40090001	-	40095000	40,092,285
1	56175001	-	56180000	56,179,000
9,541				**300,000,000**

Catagories of Shareholders			
As at June 30, 2021			
Name	NO OF SHARES	NOS	%
INDIVIDUALS	**172,921,464**	**9447**	**58**
JOINT STOCK COMPANIES	125,413,224	70	41.80
BANKS, DFI'S, INSURANCE COMPANIES	172,752	6	0.06
MODARBAS AND MUTUAL FUND & OTHERS	1,477,660	10	0.49
	127,063,636	**86**	**42.35**
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 AHMAD	500	1	0.00
TIPU SAEED KHAN	500	1	0.00
	2,000	**4**	**0.00**
Total	**300,000,000**	**9,541**	**100**

Form of Proxy for the Annual General Meeting

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 Thursday 28 October, 2021 at 1100 at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this __________ day of ______________, 2021.

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 situated at Islamabad 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
World Trade Center, 10 Khayaban-e-Roomi, Clifton, Karachi - 75600.
UAN: 111-222-123 Fax: (92-21) 35867850
www.telecard.com.pk