Annual Report

2022

Telecard Limited

Our Vision

‘To be the quality telecommunication and ICT solutions 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 telecom and ICT solutions provider in the market and to make Telecard a name that inspires pride and confidence. We will achieve our goal by:

- **Making this Company a customer-driven organization providing quality telecom and ICT solutions and services that meet or exceed customer expectations.**
- **Valuing our employees and providing a satisfying, challenging and rewarding work environment.**
- **Maintaining mutually beneficial relations with our business partners.**
- **Instilling pride in ownership and a financially rewarding investment for stakeholders.**
- **We are a responsible corporate citizen which desires to add value to the community.**

Our Strategy

To provide the 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) Syed Hashim Ali Mr. Waseem Ahmad Mr. Tipu Saeed Khan Mr. Asad Mujtaba Naqvi Mrs. Fabzia Ahsen
Board Audit Committee	Mr. Asad Mujtaba Naqvi(Chairman) Mr. S.M. Pervez Sadiq Mr. Tipu Saeed Khan
Human Resource & Remuneration Committee	Mr. Asad Mujtaba Naqvi(Chairman) Syed Aamir Hussain Mrs. Fabzia Ahsen
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 Meezan Bank Limited Bank Al – Habib Limited 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

TELECARD
LIMITED

Notice of Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of the shareholders of the Company will be held on 28 October 2022 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 24 December 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 2022, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended 30 June 2022.

3. To appoint external auditors of the Company for the year ended 30 June 2023 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 seek approval of 7.5% bonus shares to its existing share-holders as recommended and approved by the Board.

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

By order of the Board

Waseem Ahmad
Company Secretary

Notes

07 October, 2022

1. The Members Register will remain closed from the 22 October 2022 to 28 October 2022 (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 2022 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.

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

TELECARD LIMITED

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 year ended 30 June 2022.

Market Overview

Overall economic challenges faced in the later part of the financial year remained a challenge for businesses in Pakistan including Telecard and its subsidiaries.

However, Technology sector continued seeing growth despite overall economic slowdown and now accounts for around US$3 billion (growth rate of around 18% on annual basis) in annual revenues with projected revenues of US$25 billion by 2025. Over 3,000 software houses are now registered with Pakistan Software Export Board (PSEB) and this number continues to grow.

The business of e-commerce and quick-commerce continues to grow and is here to stay and expand and we see continued appetite for e and q-commerce by the expanding young population of Pakistan coupled with increase in 4G subscribers and soon to be launched 5G technologies.

Your Company and its subsidiaries are well placed to leverage this unprecedented growth in the technology sector by offering connectivity and beyond connectivity enterprise and business enabling solutions whether they relate to helping support enhancement in broadband coverage, cyber and software security, enterprise energy solutions, digital infrastructure roll out and management of connectivity solutions.

During the year, despite economic challenges the SNL Management Team successfully listed Supernet Limited (SNL) on the Growth Enterprise Market (GEM) Board with an 1.4 times oversubscription. This is a clear testament of the positive perception of the company and sector outlook in the market.

Financial Performance

	Standalone (Rs. In '000)		Consolidated (Rs. In '000)	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21
Revenue	1,497	1,214	4,427	3,873
Gross profit	527	563	1,574	1,317
EBITDA	184	267	870	797
Net Profit	298	273	422	507
EBITDA Per Share	0.58	0.89	2.76	2.66
EPS	0.95	0.87	1.32	1.61

Taking advantage of continued growth seen in digital eco system, TCL and its subsidies posted healthy gains in revenues

On a consolidated basis, the Company has reported a profit after taxation of Rs. 422 million as against a profit of Rs. 507 million during the corresponding financial period. The earning per share stood at Rs. 1.32 compared to a profit per share of Rs. 1.61 in preceding twelve months. The company was able to manage to increase the revenue mix with those projects that carry a higher margin percentage, rationalize direct costs, however, the increase in the electricity charges and depreciating rupee against the dollar were the reasons behind the decrease in the EPS figure compared to that of last year.

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

On a standalone basis the revenue for the period ended 30 June 2022 was Rs. 1, 497 million as against the revenue of Rs. 1,214 million for the corresponding financial year, the increase in revenue is mainly attributed to the increase in revenues from Value Added Services (VAS). Your Company's direct cost was higher when compared with similar period of the preceding financial year due to increase in VAS charges. The Company has posted Gross Profit of Rs. 527 million compared to a Gross Profit of Rs. 563 million in the corresponding time frame due to the foregoing reasons.

During the year, the company disposed of 8.8m shares in Supernet Limited through offer for sale at a price of PKR 22.50 per share, the gain on the disposal of PKR 163m is recognized in the other income. Further the other income also carries the difference between the nominal amount of TFC obligations (post restructuring) and its present value.

The Company reported a profit after taxation of Rs. 298 million as against a profit after taxation of Rs. 273 million during the corresponding financial year. The earning per share stood at Rs. 0.95 compared to a profit per share of Rs. 0.87 in the last time frame.

Future Outlook - Challenges and Way Forward

With the listing of SNL as a listed entity, TCL and its subsidiaries are excited and look forward to unlocking the full potential of SNL by focusing on opening up new areas of business and forming new strategic alliances with local and foreign partners to expand its product and services portfolio.

The Management is cognizant of the fact that SNL should now be taken to the PSX Main Board and intendeds to do so in the near future. This will help the company raise additional capital and help it expand its growing footprint as a business enabling entity in the technology sector.

TCL is exploring new avenues in non-connectivity businesses by focusing upon enterprise enabling solutions including enterprise resource planning, and customer support solutions.

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

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.

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

TELECARD LIMITED

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 2022 is Rs. 72.5 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.

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

TELECARD LIMITED

During the year under review, four (4) Board 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	4

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 2022 are annexed.

Auditors

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

Dividends

The Company is pleased to declare 7.5% bonus shares from its profits for the year end.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2022 is annexed to this report.

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

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

Syed Aamir Hussain
Director/Chief Executive Officer

Waseem Ahmad
Director/Company Secretary

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 2022. The times are competitive and the Company operates amidst intense competition within the Telecom Industry. The revenue posted for the year ended 30 June 2022 was Rs. 1.497 billion as compared to Rs. 1.214 billion for the preceding financial year. The increase in revenue streams is partly due to higher sales seen in Value Added Services.

On a consolidated basis the Company posted revenue of Rs. 4.427 billion as compared to 3.873 billion in the preceding financial year, the operating profit was reported at Rs. 852 million, as compared to Rs. 797 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, marketing 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.

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

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 2022

Six Year Financial Summary
Financial Analysis

	June 2022 Rupees in '000'	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'
REVENUE- Net	1,496,743	1,213,660	1,183,279	1,091,181	877,852	986,873
Direct Cost	(969,466)	(651,132)	(654,990)	(651,623)	(558,354)	(764,864)
Gross Profit	**527,277**	**562,528**	**528,289**	**439,558**	**319,498**	**222,009**
Distribution costs & administrative expenses	(428,821)	(385,727)	(331,664)	(273,440)	(858,010)	(248,291)
Other operating expenses	4,131	(1,742)	(179,111)	(265,235)	-	-
Other operating income	497,887	256,477	30,295	163,911	501,094	17,058
Liabilities no longer payable written back	-	-	-	-	-	-
	73,198	(130,992)	(480,480)	(374,764)	(356,916)	(231,233)
Operating (loss) / Profit	**600,475**	**431,536**	**47,809**	**64,794**	**(37,418)**	**(9,224)**
Financial costs	(73,542)	(70,989)	(122,403)	(79,039)	(56,801)	(61,420)
(Loss) / Profit before taxation	**526,933**	**360,547**	**(74,594)**	**(14,245)**	**(94,219)**	**(70,644)**
Taxation	(229,236)	(87,359)	(34,694)	(46,224)	(34,468)	(20,359)
(Loss) / Profit after taxation	**297,697**	**273,188**	**(109,288)**	**(60,469)**	**(128,687)**	**(91,003)**
Other comprehensive income/(loss)	-	-	-		(1,965)	
(Loss) / Earning per share (Rupees)	**0.95**	**0.91**	**(0.36)**	**(0.20)**	**(0.43)**	**(0.30)**

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

TELECARD LIMITED
Year Ending: June 30, 2022

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: 06
    b) Female: 01

2. The Composition of Board is as follows:

Category	Names
Independent Director*	Mr. Asad Mujtaba Naqvi
	Mrs. Fabzia Ahsen
Non-Executive Director	Syed Muhammad Pervez Sadiq
	Mr. Tipu Saeed Khan (Former Director**)
Executive Directors***	Syed Aamir Hussain
	Mr. Waseem Ahmad
	Syed Hashim Ali
Female Director	Mrs. Fabzia Ahsen

*Note: In terms of Regulation 6(1) COCG, one third of the Company's Board of seven members works out to 2.33. As a general principle, since the fraction is below 0.5 (half), the fraction contained in such one-third is not rounded up as one. Furthermore, the composition of the Board is adequate, with a good mix of skilled, experienced and professional Independent and Non-Executive Directors that have diligently looked after the interests of the Company and are capable of robustly protecting the interests of its minority shareholders.

**Subsequent to the year ended June 30, 2022, Mr. Tipu Saeed Khan resigned and the casual vacancy has been filled within the stipulated timeline.

***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 Regulations.

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

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

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

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and 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. During the year the Company has arranged a training program of Non-Executive Director / Chairman, S.M. Pervez Sadiq.

10. During the year, there has been no change in the position and terms and conditions of employment of the Head of internal Audit, Company Secretary and Chief Financial Officer;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

Board Audit Committee		
Name of Members	**Category**	**Designation**
Mr. Asad Mujtaba Naqvi	Independent Director	Chairman
Mr. S.M. Pervez Sadiq	Non-Executive Director	Member
Mr. Tipu Saeed Khan	Non-Executive Director	Member

Human Resource & Remuneration Committee		
Name of Members	**Category**	**Designation**
Mr. Asad Mujtaba Naqvi	Independent Director	Chairman
Mr. Tipu Saeed Khan	Non-Executive Director	Member
Mrs. Fabzia Ahsen	Independent Director	Member

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

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

Board Audit Committee	Quarterly
Human Resource & Remuneration Committee	Annually

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. During the year, one casual vacancy occurred on the Board that was duly filled up by the Directors within the prescribed number of days

TELECARD LIMITED

17. 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;

18. 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;

19. We have been compliant with the Regulations 3, 6, 7, 27, 32, 33, and 36 of the Regulations have been complied with

20. Explanation for non-compliance with requirement, other than regulation 3, 6, 7, 27, 32, 33 and 36, are below;

Sr. No.	Para No.	Description	Explanation
1	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.
2	9	All of the Directors on the Board shall acquire 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 successfully attended by our Chairman. Further, efforts are underway to achieve compliance for other Directors on Board.

Syed Hashim Ali
Director/Chief Financial Officer

Syed Aamir Hussain
Chief Executive Officer

07 October 2022

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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

Independent Auditor's Review Report to the Members of Telecard Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019.

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Telecard Limited** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations, 2019 as disclosed in the para 20 of the Statement of Compliance:

#	Description
1	The number of Executive Directors on the Board, including the Chief Executive Officer, exceeds the limit prescribed by Regulation No 8.
2	The requirement for all the Directors on the Board to acquire prescribed certification under any Director Training Program as per the criteria specified in Regulation No 19 (1) (ii) has not been complied.

Parker Russell-AJS

(Chartered Accountants)
Place: Karachi
Date: October 7, 2022
UDIN: CR202210192VzDIm2NML

901, Q. M. House,
Elander 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, 2022, and the unconsolidated statement of profit or loss, and 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 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We further draw attention to the contents of:

i. note 15.1 (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 15.1 (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 15.2 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 26.1 to 26.9 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 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. Revenue recognition The Company has reported revenue amounting to Rs. 1,496.7 million during the year ended June 30, 2022. The Company provide telecommunication services in which there is an inherent risk around the accuracy of revenue recorded given the complexity involved and managing and processing large volume of data. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators and gives rise to an inherent risk that revenue could be subject misstatement to meet expectations or targets.	Our key audit procedures in this area amongst others included the following: • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of transactions recorded during the year with relevant underlying supporting documents (sales orders, slab rates, call detail record report, invoices, bills etc.,) for both international and local customers; • authorisation of slab rates and reports of call record for incoming international / local traffic. • recalculated the revenue based on the prevailing exchange rates and other input parameters i.e., minutes as per CDR to ensure accuracy; • inspecting manual journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria;

Key audit matters	How the matter was addressed in our audit
	• tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and • assessed the appropriateness of disclosures made in the unconsolidated financial statements related to revenue.
2. Contingencies As at June 30, 2022, the Company has contingencies in respect of various regulatory and legal suites against the Company which are pending in different courts as disclosed in note 26 of the unconsolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision 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 in this area amongst others included the following: • assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee; • reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations; • obtained confirmation from the legal counsel and tax advisor of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon; • examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed; and • assessed the appropriateness of the related disclosures made in the accompanying unconsolidated financial statements in light of IAS-37 "Provisions and Contingencies".

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditor's 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 are 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.

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 auditor's report is Mr. Muhammad Shabbir Kasbati.

Parker Russell AJS

(Chartered Accountants)
Date: October 07, 2022
Karachi.

UDIN: AR202210192Re1YAMxGc

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**356,005**	410,011
Intangible assets	6	**4,041**	5,995
Right-of-use assets	7	**21,763**	35,243
		381,809	451,249
Long term investments	8	**310,266**	340,537
Long term deposits	9	**57,613**	57,613
Deferred taxation	10	**105,961**	256,762
		855,649	1,106,161
CURRENT ASSETS			
Trade debts	11	**472,705**	326,398
Loans and advances	12	**69,072**	52,153
Deposits and prepayments	13	**47,435**	45,476
Accrued mark-up	14	**30,328**	22,267
Other receivables	15	**2,627,816**	2,557,607
Taxation – net	16	**82,979**	128,207
Bank balances	17	**4,231**	6,568
		3,334,566	3,138,676
TOTAL ASSETS		**4,190,215**	4,244,837

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

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
Issued, subscribed and paid-up capital	18	**3,150,000**	3,000,000
Accumulated loss		**(510,046)**	(657,743)
		2,639,954	2,342,257
NON-CURRENT LIABILITIES			
Long term financing	19	**696,797**	60,294
Contractual liability to a contractor	20	**-**	162,652
Lease liabilities	21	**9,546**	21,482
Deferred liabilities	22	**5,517**	5,777
		711,860	250,205
CURRENT LIABILITIES			
Trade and other payables	23	**655,149**	565,918
Unclaimed dividend		**4,394**	4,394
Accrued mark-up	24	**64,299**	303,192
Current portion of long term finance and lease liabilities	25	**114,559**	778,871
		838,401	1,652,375
Contingencies & commitments	26		
TOTAL EQUITY AND LIABILITIES		**4,190,215**	4,244,837

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

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
Revenue - net	27	1,496,743	1,213,660
Direct costs	28	(969,466)	(651,132)
Gross profit		527,277	562,528
Administrative expenses & distribution costs	29	(428,821)	(385,727)
Other income	30	502,018	254,735
		73,198	(130,992)
Operating profit		600,475	431,536
Finance costs	31	(73,542)	(70,989)
Profit before taxation		526,933	360,547
Taxation	32	(229,236)	(87,359)
Net profit for the year		297,697	273,188
			Restated
Earnings per share - basic and diluted (Rupees)	33	0.95	0.87

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
	---- (Rupees in '000') ----	
Net profit for the year	297,697	273,188
Other comprehensive income	-	-
Total comprehensive income for the year	**297,697**	273,188

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

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	---- (Rupees in '000') ----		
Balance as at July 01, 2020	**3,000,000**	**(930,931)**	2,069,069
Net profit for the year	-	273,188	273,188
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	273,188	273,188
Balance as at June 30, 2021	**3,000,000**	**(657,743)**	2,342,257
Issuance of bonus shares	**150,000**	**(150,000)**	-
Net profit for the year	-	297,697	297,697
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**297,697**	297,697
Balance as at June 30, 2022	**3,150,000**	**(510,046)**	2,639,954

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	21,670	78,209
Income tax paid		(33,207)	(32,222)
Finance costs paid		(3,552)	-
Retirement benefits paid		(250)	(250)
Net cash (used in) / generated from operating activities		(15,339)	45,737
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(11,537)	(13,986)
Interest income received		4,073	3,548
Proceeds from disposal of property and equipment		7,425	1,880
Proceeds from disposal of long-term investment		194,421	-
Net cash generated from / (used in) investing activities		194,382	(8,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principles of diminishing musharakah		(24,200)	(24,120)
Repayment of term finance certificates		(140,192)	-
Lease rentals against right-of-use assets		(16,988)	(29,509)
Net cash used in financing activities		(181,380)	(53,629)
Net decrease in cash and cash equivalents		(2,337)	(16,450)
Cash and cash equivalents at the beginning of the year		6,568	23,018
Cash and cash equivalents at the end of the year	17	4,231	6,568

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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.

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

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

- House no. 1, White House Lane near Aitchison College, Sundreas road, Zaman Park, Lahore.
- Near Guttwala Bridge, Sheikhupura road, Faisalabad.
- 4th floor, Evacuee Trust Property Board building, opposite PTCL DeraAdda exchange, Multan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting 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 unconsolidated 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.

3. CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

a) Amendments to published accounting and reporting standards which became effective during the year:

There were certain amendments to the accounting and reporting standards which became mandatory for the Company during the year. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

b) Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

3.1 Significant accounting judgments, estimates and assumptions

The preparation of these unconsolidated financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements, are as follows:

	Note
Determining the residual values and useful lives of property and equipment and intangible assets	4.1.1, 4.1.2, 5 & 6
Provision for doubtful debts and other receivables	4.9, 11 & 15
Accounting for staff retirement benefits	4.12 & 22
Recognition of tax and deferred tax	4.6, 10 & 33
Contractual liability to a contractor	20
Other provisions and contingent liabilities	4.19 & 26
Determining the lease term of contracts with renewal and termination options	4.15 & 21

4. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented in the unconsolidated financial statements unless otherwise stated.

4.1 Fixed assets

4.1.1 Property, plant and equipment

Operating fixed assets - owned

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

Subsequent costs, if reliably measureable, are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to profit or loss account during the period in which they are incurred.

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

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

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

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

Capital work-in-progress

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

Leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged at the same rates as charged on the Company's owned assets.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, installation and acquisition.

4.1.2 Intangible assets and amortisation

The costs of licenses 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 is available for intended use i.e. the date when it is in the condition necessary for it to be capable of operating in the manner intended by management.

4.2 Right of use asset

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

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

4.3 Investments

Subsidiary companies

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

4.4 Trade debts and other receivables

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

4.5 Loans and advances

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

4.6 Taxation

Current

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

Deferred

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

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

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

4.7 Cash and cash equivalents

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

4.8 Trade and other payables

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

4.9 Provisions

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

4.10 Financial instruments

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

4.10.1 Initial measurement of financial assets

The Company classified its financial assets into the following categories:

a) at fair value through other comprehensive income (FVTOCI).
b) at fair value through 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)

All purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the financial asset.

4.10.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

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

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

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

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

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

4.10.3 Derecognition of financial assets

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

4.10.4 Financial liabilities

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

4.10.5 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.

4.10.6 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.

4.10.7 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.

4.11 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.

4.12 **Employees' retirement benefits**

Defined benefit plan

The Company operated an unfunded gratuity scheme for its employees upto March 31, 2008. The scheme was replaced by recognised provident fund scheme effective from April 01, 2008.

Defined contribution plan

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

4.13 **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.

4.14 **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.

4.15 **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

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.

4.16 **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.
- 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 recognosed on accrual basis.

4.17 **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.

4.18 Dividend distribution and transfer between reserves

Dividend declared and appropriations to reserves made subsequent to the reporting date are considered non-adjusting events and are recognised in the financial statements in the year in which they are approved.

4.19 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.

4.20 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.

4.21 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	Subsidiary company *(direct)*	81.18%
Supernet E-Solutions (Private) Limited	Subsidiary company *(indirect)*	81.18%
Supernet Secure Solutions	Subsidiary company *(indirect)*	64%
Supernet Infrastructure Solutions (Private) Limited	Subsidiary company *(Indirect)*	81.18%
Phoenix Global ZSE	Subsidiary company *(indirect)*	81.18%
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	-

5. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
Operating fixed assets - owned	5.1	356,005	410,011

5.1 Operating fixed assets

	Note	Cost: As at July 01, 2021	Cost: Additions	Cost: Disposals	Cost: As at June 30, 2022	Accumulated depreciation: As at July 01, 2021	Accumulated depreciation: Charge for the year	Accumulated depreciation: Disposals during the year	Accumulated depreciation: As at June 30, 2022	W.D.V. as at June 30, 2022	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	5.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	623	-	-	623	2	-
Apparatus, plant & equipment	5.1.2	6,200,855	8,535	(39,248)	6,170,142	5,807,282	56,060	(32,053)	5,831,289	338,853	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	-
Furniture, fixtures & equipment		50,603	382	-	50,985	47,015	539	-	47,554	3,431	10%
Computers & accessories		73,514	2,536	(30)	76,020	71,235	1,655	-	72,890	3,130	33%
Vehicles		23,645	84	-	23,729	16,096	64	-	16,160	7,569	20%
Total		6,383,137	11,537	(39,278)	6,355,396	5,973,126	58,318	(32,053)	5,999,391	356,005	

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

	Cost				Accumulated depreciation				W.D.V. as at	
	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	June 30, 2021	Depreciation rate per annum
	(Rs. in '000')									
Owned										
Freehold land	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land	625	-	-	625	592	31	-	623	2	5%
Apparatus, plant & equipment	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	

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

5.1.2 The cost of fully depreciated assets as at June 30, 2022 is Rs. 6,147,018 (2021: Rs. 5,811,359)

5.1.3 Depreciation for the year has been allocated as follows:

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
Direct costs	28	56,030	56,032
Administrative & distribution costs	29	2,287	1,526
		58,317	57,558

5.1.4 Particulars of tangible operating assets having aggregate net book value exceeding Rs 5,000,000 and individually a net book value Rs 500,000 or more disposed off during the year are as follows:

Particulars	**Cost**	**Accumulated depreciation**	**Net book value**	**Sale proceeds**	**Gain / (loss)**	**Mode of disposal**	**Particulars of buyer**
			(Rs. in '000')				
Apparatus, plant & equipment	39,248	32,053	7,195	7,395	200	Quotation	Muhammad Zameer
Total	39,248	32,053	7,195	7,395	**200**		

6. INTANGIBLE ASSETS

		Cost			Amortisation			W.D.V.	
	Note	As at July 01, 2021	Addition/ (Disposal)	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	as at June 30, 2022	Period (years)
					(Rs. in '000')				
LL licenses	6.1	8,120	-	8,120	6,902	406	7,308	812	20
LDI license	6.2	29,029	-	29,029	24,252	1,548	25,800	3,229	20
Total		37,149	-	37,149	31,154	1,954	33,108	4,041	

		Cost			Amortisation			W.D.V.	
	Note	As at July 01, 2020	Addition/ (Disposal)	As at June 30, 2021	As at July 01, 2020	For the year	As at June 30, 2021	as at June 30, 2021	Period (years)
					(Rs. in '000')				
LL licenses	6.1	8,120	-	8,120	6,496	406	6,902	1,218	20
LDI license	6.2	29,029	-	29,029	22,704	1,548	24,252	4,777	20
Total		37,149	-	37,149	29,200	1,954	31,154	5,995	

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

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

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
7.	**RIGHT-OF-USE ASSETS**			
	As at July 01			
	Cost		**83,538**	83,538
	Accumulated depreciation		**(48,295)**	(24,811)
	Net book value		**35,243**	58,727
	Year ended June 30			
	Opening net book value		**35,243**	58,727
	Depreciation for the year	28	**(13,480)**	(23,484)
	Closing net book value		**21,763**	35,243
	As at June 30			
	Cost		**83,538**	83,538
	Accumulated depreciation		**(61,775)**	(48,295)
	Net book value		**21,763**	35,243
8.	**LONG-TERM INVESTMENTS**			
	Subsidiary companies - at cost	8.1	**311,066**	341,337
	Others - at cost	8.2	**300,449**	480,630
			611,515	821,967
	Less: provision for impairment	8.3	**(301,249)**	(481,430)
			310,266	340,537
8.1	**Subsidiary companies**			
	Quoted			
	Supernet Limited 91,107,611 (2021: 100,000,000*) ordinary shares of Rs. 10/- each	8.1.1	**310,266**	340,537
	Unquoted			
	Telegateway Limited 50,000 (2021: 50,000) ordinary shares of Rs. 10/- each		**500**	500
	Nexus Communication (Pvt) Limited 10,000 (2021: Rs. 10,000) ordinary shares of Rs. 10/- each		**100**	100
	Glitz Communication (Pvt) Limited 10,000 (2021: Rs. 10,000) ordinary shares of Rs. 10/- each		**100**	100
	Globetech Communication (Pvt) Limited 10,000 (2021: Rs. 10,000) ordinary shares of Rs. 10/- each		**100**	100
			800	800
			311,066	341,337

8.1.1 During the year the Company sold 8.8 million shares in Supernet Limited through offer for sale at a price of Rs 22.50 per share. The disposal of shareholding was approved by the board in the meeting held on September 14, 2021 and approved by the members in the extra ordinary general meeting held on April, 06, 2022. The disposal of shares resulted in capital gain of Rs 163.650 million. Subsequent to disposal of shares of Supernet Limited and further issue of shares by Supernet Limited, holding of the Company stands at 81.18%

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
8.2	**Others - at cost**			
	Augere Holding			
	Class A preference ordinary shares each.	8.2.2	**300,449**	480,630

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

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

8.2.2 During the year, the Company entrered into a share purchase agreement for disposal of investment in Augere Holdings. Company sold 403 number of prefrence shares having a net book value of Rs nil (cost: 180 million) for Rs 0.5 million

		June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
8.3	The movement in provision for impairment during the year is as follows:		
	Balance at beginning of the year	**481,430**	481,430
	Reversal of provision on disposal of investment during the year	**(180,181)**	-
	Balance at end of the year	**301,249**	481,430
9.	**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
10.	**DEFERRED TAXATION**		
	Deferred tax credits arising on		
	Accelerated tax depreciation	**(28,634)**	(36,826)
	Remeasurement of liability	**(29,304)**	-
	Amortisation of intangible assets	**(1,172)**	(1,739)
		(59,110)	(38,565)
	Deferred tax debits arising from		
	Short term provisions	**155,848**	247,225
	Retirement benefits	**1,600**	1,675
	Leases	**7,623**	11,589
	Tax losses brought forward	-	34,838
		165,070	295,327
		105,961	256,762

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
11.	**TRADE DEBTS**			
	Unsecured - considered good			
	Supernet Limited - related party	11.1	-	135,372
	Others		497,247	215,568
			497,247	350,940
	Considered doubtful			
	Loss allowance for ECLs	11.2	(24,542)	(24,542)
			472,705	326,398

11.1 The maximum amount outstanding at any time during the year calculated with month end balance was Rs 135.4 million (2021: Rs 135.4 million)

		June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
11.2	**Loss allowance for ECL**		
	Opening balance as at July 01, 2021	24,542	24,542
	Loss allowance charged for the year	-	-
		24,542	24,542

11.3 As at June 30, 2022, 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	Above one year
	---------- (Rupees in '000') ----------			
Others	472,705	410,450	31,234	31,021
June 30, 2022	472,705	410,450	31,234	31,021
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

		Note	June 30, 2022	June 30, 2021
			---- (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	6,757	6,211
	Employees		4,682	5,258
	Suppliers		27,633	10,684
			39,072	22,153
			69,072	52,153

12.1 This represents a short-term loan to World Trade Center (Private) Limited, carrying mark-up rate 3 months KIBOR plus 2.4%. (2021: 3 months KIBOR plus 2.4%) per annum. The loan is receivable on demand. The maximum aggregate amount due at the end of any month during the year was Rs. 30 million (2021: Rs. 30 million).

12.2 The maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 6.75 million (2021: Rs. 6.21 million).

		Note	**June 30, 2022**	June 30, 2021
			---- (Rupees in '000') ----	
13.	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Others		**18,695**	18,695
	Prepayments			
	Interconnect operators		**6,706**	5,262
	Rent		**18,518**	15,398
	Others		**3,516**	6,121
			28,740	26,781
			47,435	45,476
14.	**ACCRUED MARK-UP**			
	Mark-up on loan to third parties		**30,328**	22,267
15.	**OTHER RECEIVABLES**			
	Karachi Relief Rebate Package	15.1 (a)	**349,954**	349,954
	Due from PTCL against PTA-Escrow		**96,041**	96,041
	In Escrow account with PTA		**352,594**	352,594
	Pakistan Telecommunication Authority- APC for USF	15.2	**1,547,559**	1,547,559
	Pakistan Telecommunication Authority- ARFSF	15.3	**118,135**	48,135
	Pakistan Telecommunication Authority- others	15.4	**117,197**	117,197
	Claim against a bank	15.5	**998**	998
	Due from a contractor		**3,212**	2,935
	Punjab Revenue Authority (PRA)	15.6	**34,956**	34,956
	Others		**7,170**	7,238
			2,627,816	2,557,607
	Considered doubtful			
	Receivable from PTA		**76,428**	76,428
	Due from PTCL against WPS	15.7	**243,890**	243,890
			320,318	320,318
	Loss allowance for receivables considered doubtful	15.8	**(320,318)**	(320,318)
			-	-
			2,627,816	2,557,607

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 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.

15.1 (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 unconsolidated 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.

15.2 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 licenses in this litigation, while a Review Petition is pending before it.

Over the years, the PTA has demanded additional APC for USF payments through its determinations from most of the LDI operators including the Company. The additonal amount claimed by the PTA from the Company is Rs. 2,565.589 (net of the Rs. 352.594 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 the 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 was 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 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 22.2.1 which is yet pending settlement from PTA, however, the Company 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. Further, an additiional ammount of Rs. 70.000 million has been paid by the Company under protest on demand of PTA.

15.4 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 and legal advisor is confident that the same is on plausible grounds. Nevertheless, the Company has charged-off partial amount (Rs. 45.550 million out of Rs. 101.876 million), 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 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 million (2021: Rs. 0.998 million) and damages, aggregating to Rs. 8.250 million (2021: 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 unconsolidated 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 Company 's account on March 30, 2019 and withheld an amount of Rs. 34.956 million. Since the order has been decided in favour of Company, hence the amount shall be refunded by the tax authorities.

15.7 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 in these unconsolidated financial statements.

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
15.8	**Loss allowance for ECLs against other receivables**			
	Opening balance		**320,318**	646,088
	Allowance against Karachi relief rabate package written back		**-**	(24,183)
	Allowance against Karachi relief rabate package written off		**-**	(301,587)
			320,318	320,318
16.	**TAXATION – NET**			
	Advance income tax		**161,414**	169,566
	Provision for taxation – current	32	**(78,435)**	(41,359)
			82,979	128,207
17.	**BANK BALANCES**			
	In current accounts			
	Local currency		**1,957**	2,144
	Foreign currency		**21**	15
			1,978	2,159
	In saving accounts			
	Local currency	17.1	**2,253**	4,409
			4,231	6,568

17.1 These carry mark-up at rates, ranging between 2.98% to 6.96 % (2021: 4.06% to 5.70%) per annum

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
18.	**SHARE CAPITAL AND RESERVES**			
18.1	**AUTHORISED SHARE CAPITAL**			
	400,000,000 (2021: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
18.2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	300,000,000 (2021: 300,000,000) ordinary shares of Rs. 10/- each issued for cash		**3,000,000**	3,000,000
	15,000,000 (2021: nil) ordinary shares of Rs. 10/- each issued as bonus shares		**150,000**	-
			3,150,000	3,000,000

18.3 During the year, the Company issued bonus shares in proportion of 5 shares for every 100 shares held i.e. 5% amounting to Rs. 150 million.

18.4 As at reporting date, chief executive officer, directors and their spouses held 0.001% (2021: 7.59%), asociated undertaking held nil (2021: 1.83%) and the balance of 90.58% (2021: 90.58%) are held by individual and others.

18.5 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.

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
19. LONG TERM FINANCING			
Secured			
Diminishing musharakah	19.1	60,294	84,494
Term finance certificates	19.2	734,322	736,190
		794,616	820,684
Current maturity shown under current liabilities			
Diminishing musharakah	25	(24,200)	(24,200)
Term finance certificate	25	(73,619)	-
Term finance certificate - overdue		-	(736,190)
		696,797	60,294

19.1 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 upto the date of rescheduling 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 Company and ranking charge over the fixed assets of the Company.

19.2 There has been a significant change in the terms and condition of term finance facilities disclosed in the Company's annual unconsolidated financial statements for the year ended June 30, 2021. The listed Term Finance Certificates (TFC's) issued by the Company have been restructured effective from October 2021. Under the restructured terms, the outstanding principal amount is repayable over 20 equal quarterly installments beginning from March 31, 2022. However, in the event that the Company is successfully able to execute Offer for Sale (OFS) of its wholly owned subsidiary Supernet Limited subject to the condition that the proceeds from such OFS not less than Rs. 250 million, then the three quarterly installment of principal that fall due after the said listing would be immediately paid in a single bullet payment. Further, markup accrued till December 31, 2020 and the markup accrued post restructuring shall be paid in eight quarterly installments starting from March 31, 2027. These TFC's carry markup at the rate of three month KIBOR. Furthermore, as per the restructured agreement, profit shall not accrue from January 01, 2021 till September 30, 2021.

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
20. CONTRACTUAL LIABILITY TO A CONTRACTOR			
Unsecured			
Advance from a contractor		162,652	336,870
Liabilities no longer payable written back	20.1	(162,652)	(174,218)
		-	162,652

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

Although the Agreement does not specify the period in which such infrastructure services are to be provided by the Company to the contractor, it was assumed that the balance value of the Credit Note is available for the Company utilisation over the balance life of WLL licences. Since the Credit Note in question was not finalised to date and the contractor does not operate any more, therefore management has decided to write back the laibility and has recognised it as other income.

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
21.	**LEASE LIABILITIES**			
	Lease liabilities		**26,286**	39,963
	Current portion of lease liabilities	25	**(16,740)**	(18,481)
			9,546	21,482
21.1	**Reconciliation of the carrying amount is as follows:**			
	As at July 01		**39,963**	62,145
	Accretion of interest		**3,311**	7,327
	Lease rental payments made during the year		**(16,988)**	(29,509)
	Lease Liability as at June 30		**26,286**	39,963
	Current portion of lease liabilities	25	**(16,740)**	(18,481)
	Long-term lease liabilities as at June 30		**9,546**	21,482
21.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		**16,740**	22,565
	Later than one year but not later than five years		**11,920**	24,046
			28,660	46,611
	Future finance charge		**(2,374)**	(6,648)
	Present value of finance lease liabilities		**26,286**	39,963
22.	**DEFERRED LIABILITIES**			
	Staff gratuity		**5,517**	5,777
	Spectrum fee payable	22.1	**-**	-
			5,517	5,777
22.1	**Spectrum fee payable**			
	As on July 01		-	317,100
	Payment to PTA		-	(170,607)
	Offered to PTA shown as current maturity		-	(146,493)
			-	-

22.1.1 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 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 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 choose to 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, through payment of Rs 170.607 million in 2021 and 146.493 million has been paid during the year. Further, Company has also paid an amount of Rs 70 million, under protest, on demand of PTA which has been booked as other receivable as the case is pending.

	June 30, 2022	June 30, 2021
	---- (Rupees in '000') ----	
23. TRADE AND OTHER PAYABLES		
Pakistan Telecommunication Company Limited (PTCL)		
Others	-	542
Interconnect operators	**7,264**	11,989
Others	**132,465**	89,515
	139,729	102,046

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
Other payables			
Current accounts with related parties	23.1	246,226	126,261
Current maturity of spectrum fee payable		-	146,493
Accrued liabilities		157,139	103,488
Contract liability to customers		772	6,631
Workers' welfare fund		4,964	4,964
Others		106,319	76,035
		515,421	463,872
		655,149	565,918

23.1 **Current account with related parties**

Supernet Limited	226,523	106,885
Telegateway Limited	15,028	15,028
Glitz Communication (Private) Limited	80	80
Globetech Communication ((Private) Limited	80	80
Nexus Communication (Private) Limited	7	71
Supernet E-Solutions (Private) Limited	4,508	4,117
	246,226	126,261

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

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
24. ACCRUED MARK-UP			
On secured			
Interest / mark-up against financing		22,713	270,465
On unsecured			
Current accounts with related parties		1,697	-
Current accounts with third parties		39,889	32,727
		64,299	303,192
25. CURRENT PORTION OF LONG TERM FINANCE AND LEASE LIABILITIES			
Current maturity of diminishing musharika	19	24,200	24,200
Current maturity of term finance certificates	19	73,619	736,190
Current maturity of lease liability	21	16,740	18,481
		114,559	778,871

26. CONTINGENCIES AND COMMITMENTS

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

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

During the year ended June 30, 2017, the Company filed a suit before the Sindh High Court (SHC) challenging notice of demand dated August 24, 2016 on account of APC for USF and show cause notice dated November 17, 2016 issued by PTA dues as of July 31, 2016 amounting to Rs. 3,904. 241 million including principal amounting to Rs. 1,304.900 million and fine amounting to Rs. 2,599.340 million. The Court passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Company. The matter is at the stage of hearing of applications. 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.

26.3 During the year ended June 30, 2017, the Company filed a suit before the Sindh High Court (SHC) challenging notice of demand dated August 24, 2016 on account of APC for USF and show cause notice dated November 17, 2016 issued by PTA dues as of July 31, 2016 amounting to Rs. 3,904. 241 million including principal amounting to Rs. 1,304.900 million and fine amounting to Rs. 2,599.340 million. The Court passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Company. The matter is at the stage of hearing of applications. 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.

26.4 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.

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 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.

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 (2021: Rs.1,634.703 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 (a & b) to these unconsolidated financial statements.

26.9 Contingencies in respect of the PTA various claims and ISF are disclosed in note 15 and 22.1.1 to these unconsolidated financial statements.

26.10 No provision on account of above contingencies including note 26.8 and 26.9 has been made in these unconsolidated 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 Counter guarantees given to banks amounts to Rs. 47.225 million (2021: Rs.47.225 million).

	Note	**June 30, 2022**	June 30, 2021
		-- (Rupees in '000') --	
27. REVENUE – NET			
Turnover		1,496,743	1,213,660
28. DIRECT COSTS			
Interconnect charges – net		**128,319**	155,922
Network media charges		**607,791**	266,059
Short-term leases - network sites rent		**43,894**	37,100
Network sites utilities and maintenance		**88,366**	81,334
Insurance		**2,310**	2,310
Annual regulatory charges		**27,322**	26,937
Depreciation on operating fixed assets	5.1.3	**56,030**	56,032
Depreciation on right-of-use assets	7	**13,480**	23,484
Amortisation	6	**1,954**	1,954
		969,466	651,132

		Note	June 30, 2022	June 30, 2021
			-- (Rupees in '000') --	
29.	**ADMINISTRATIVE & DISTRIBUTION COSTS**			
	Salaries and other benefits	29.1	**262,349**	242,734
	Postage, telephone and telex		**2,545**	2,368
	Vehicles running and maintenance		**21,104**	15,785
	Travelling and entertainment		**1,418**	930
	Office security and maintenance		**8,657**	8,347
	Printing and stationery		**2,888**	2,064
	Short-term leases - rent		**56,712**	55,319
	Utilities		**26,397**	22,784
	Insurance		**4,829**	3,671
	Legal and professional charges		**14,643**	16,266
	Auditors' remuneration	29.2	**4,323**	4,323
	Sales promotion and marketing		**3,794**	656
	Fee and subscription		**3,144**	2,316
	Depreciation	5.1.3	**2,287**	1,526
	Software support services		**4,958**	5,235
	Others		**8,773**	1,403
			428,821	385,727

29.1 This includes Rs 0.25 million in respect of gratuity expense for the year (2021: Rs. 0.25 million) and Rs.7.6 million (2021: Rs. 7.4 million) in respect of the Company's contribution towards provident fund.

		Note	June 30, 2022	June 30, 2021
			--- (Rupees in '000') ---	
29.2	**Auditors' remuneration**			
	Audit fee for unconsolidated financial statements		**2,000**	2,000
	Audit fee for consolidated financial statements		**450**	350
	Fee for review of half yearly financial statements		**900**	900
	Other certifications		**720**	893
	Out-of-pocket expenses		**253**	180
			4,323	4,323

		Note	June 30, 2022	June 30, 2021
30.	**OTHER INCOME**			
	Income from financial assets & liabilities			
	Income from saving accounts		**4,073**	3,548
	Mark-up on short term loan		**3,563**	2,894
	Gain on sale of long term investment	8.1.1	**163,650**	-
	Gain arrising on restructuring of TFC's	19.2	**163,901**	-
	Realised & unrealised exchange (loss) / income - net		**3,479**	(1,038)
	Gain on sale of long term investment	8.2.2	**500**	-
			339,166	5,404

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
Income from non-financial assets & liabilities			
Gain on sale of fixed assets		200	-
Liabilities no longer payable written-back	20.1	162,652	223,072
Scrap sale		-	96
Reversal of provision - Karachi Relief Rebate		-	24,183
Others		-	1,980
		162,852	249,331
		502,018	254,735

31. FINANCE COSTS

	Note	June 30, 2022	June 30, 2021
Interest / mark-up on			
Short-term financing		6,744	6,534
Term finance certificates		55,574	53,941
Lease liabilities against ROU assets		3,311	7,327
		65,629	67,802
Mark-up on current accounts		4,361	2,483
Bank charges		3,552	704
		73,542	70,989

32. TAXATION

	Note	June 30, 2022	June 30, 2021
Current		80,596	35,609
Prior period		(2,162)	5,750
Deferred		150,801	46,000
	32.1	229,236	87,359

32.1 Relationship between accounting profit and income tax expense

	Note	June 30, 2022	June 30, 2021
Profit before taxation		526,933	360,547
Tax @ 29%		152,811	72,109
Effect of prior period tax		(2,162)	5,750
Others		78,587	9,499
		229,236	87,359

32.2 The income tax assessments of the Company have been finalised up to and including the tax year 2021, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 26.6).

32.3 Deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed/ utilised.

33. EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Earnings per share - Basic

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
Profit for the year		297,697	273,188
Weighted average number of ordinary shares outstanding during the year (Numbers in'000)		315,000	300,000
Add : Bonus shares issued after the reporting period (Numbers in'000)	33.1.1	-	15,000
		315,000	315,000
Earnings per share - basic (Rupees)		0.95	0.87

33.1.1 During the year, the Company has issued bonus shares. In accordance of the requirement of IAS 33 'Earnings per share' the number of ordinary shares outstanding last year has been adjusted as if the event had occurred at the beginning of the year. Therefore, earnings per share has been restated accordingly.

33.2 Earnings per share - Diluted

No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
34. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**526,933**	360,547
Adjustments for non-cash charges and other items:			
Depreciation	5.1.3	**58,317**	57,558
Depreciation on right-of-use assets	7	**13,480**	23,484
Amortisation	6	**1,954**	1,954
Provision for gratuity		**250**	442
Unrealised exchange gain		**(564)**	(704)
Finance costs	31	**66,679**	62,958
Finance cost on lease liabilities against ROU assets		**3,311**	7,327
Liabilities no longer payable written-back	30	**(162,652)**	(48,854)
Interest income	30	**(3,563)**	(5,786)
Gain on sale of long term investments	30	**(164,150)**	-
Gain due to TFC restructuring	30	**(163,901)**	-
Contractual liability to a contractor		**-**	(174,218)
Reversal of provision - Karachi Relief Rebate		**-**	(24,183)
Gain on sale of fixed assets	30	**(200)**	(1,880)
		(351,039)	(101,902)
Profit before working capital changes		**175,894**	258,645
(Increase) / decrease in current assets			
Trade debts		**(146,307)**	25,524
Loans and advances		**(16,919)**	5,945
Deposits and prepayment		**(1,959)**	(7,824)
Accrued mark-up		**(8,061)**	-
Other receivables		**(70,209)**	(776)
		(243,455)	22,869
Increase / (decrease) in current liabilities			
Trade and other payables		**89,231**	(203,305)
Cash generated from operations		**21,670**	78,209

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

	2022			2021		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000')					
Managerial remuneration	10,452	18,924	26,742	12,610	17,324	28,359
Other perquisites and benefits						
House rent	4,703	8,516	12,034	5,674	7,796	12,761
Medical	-	70	1,293	35	120	1,321
Retirement benefits	871	1,184	5,572	871	1,000	5,537
Utilities	1,045	1,892	2,674	1,261	1,732	2,836
	6,619	11,662	21,573	7,841	10,648	22,455
	17,071	30,586	48,315	20,451	27,972	50,814
Number of persons	1	3	14	1	3	14

		Note	June 30, 2022	June 30, 2021
			--- (Rupees in '000') ---	
36.	**FINANCIAL INSTRUMENTS BY CATEGORY**			
36.1	**Financial assets at amortised cost**			
	Long term deposits	9	**57,613**	57,613
	Trade debts	11	**472,705**	326,398
	Short term loan	12	**30,000**	30,000
	Short term deposits	13	**18,695**	18,695
	Accrued mark up / profit	14	**30,328**	29,267
	Other receivable	15	**2,592,860**	2,515,651
	Bank balances	17	**4,231**	6,568
			3,206,432	2,984,192
36.2	**Financial liabilities measured at amortised cost**			
	Long term financing	19	**696,797**	60,294
	Lease liabilities	21	**9,546**	21,482
	Trade and other payables	23	**649,413**	560,954
	Current portion of long term financing and lease liabilities	25	**114,559**	778,871
	Accrued mark-up	24	**64,299**	303,192
	Unclaimed dividend		**4,394**	4,394
			1,539,008	1,729,187

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, 2022, 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.

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. 7.39 million (2021: Rs. 7.862) 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, 2022	June 30, 2021
	------- US $ -------	
Trade debts	**153,414**	189,464
Bank balances	**72**	61
Trade and other payables	**(83,113)**	(130,677)
Net exposure	**70,373**	58,848

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

Exchange rate (Rupees)	**204.85**	157.74

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, 2022	**+10**	**1,442**	1,442
	-10	**1,442**	1,442
June 30, 2021	+10	928	928
	-10	928	928

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, 2022 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, 2022	June 30, 2021
	-- (Rupees in '000') --	
Long term deposits	**57,613**	57,613
Trade debts	**472,705**	326,398
Loan and advances	**57,633**	48,695
Accrued mark-up	**30,328**	29,267
Other receivables	**2,624,604**	2,515,651
Bank balances	**4,231**	6,568
	3,247,114	2,984,192

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, 2022	June 30, 2021
	-- (Rupees in '000') --	
Trade debts		
Customers with no defaults in the past one year	472,705	326,398
Bank balances		
A1+	-	4,709
A-1+	4,213	1,651
A-2	18	208
	4,231	6,568

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	Greater than 5 years	Total
		-----(Rupees in '000')-----			
Long term financing	-	-	485,783	211,014	696,797
Trade & other payables	4,964	649,413	-	-	654,377
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	64,299	-	-	-	64,299
Current portion of long term finance	6,050	108,509	-	-	114,559
June 30, 2022	79,707	757,922	485,783	211,014	1,534,426

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 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

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

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) (level 3).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land which are stated at cost less impairment, if any. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values.

37.6 Capital risk management

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. The gearing ratios as at June 30, 2022 and June 30, 2021 were as follows;

	June 30, 2022	June 30, 2021
	-- (Rupees in '000') --	
Total debt	834,069	860,647
Less: Cash & cash equivalent	(4,231)	(6,568)
Net debt	829,838	854,079
Total equity	2,639,954	2,342,257
Total debt and equity	3,469,792	3,196,336
Gearing ratio	23.92%	26.72%

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, 2022	June 30, 2021
Relationship: Wholly owned subsidiary companies		-- (Rupees in '000') --	
Name	**Nature of transaction**		
Supernet Limited	Services received	220,000	-
Supernet E-Solutions (Private) Limited	Services received	6,228	5,700
Relationship: Entities having directors in common with the Company			
Name	**Nature of transaction**		
Provident fund	Contributions during the year	7,598	7,407
Remuneration and benefits	Key management personel	48,315	50,814
Meeting fee	Non-executive directors	850	400

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

39. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2022	%	June 30, 2021	%
		-------(Rupees in '000')-------			
		(Un-audited)		(Un-audited)	
Size of the fund - Total assets		132,536		121,992	
Investment made at cost		78,795		78,173	
Fair value of investments	39.1	73,326		79,203	
Percentage of investments made		55.33%		64.92%	

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

Bank balances / deposits	66,704	90.97%	72,324	91.31%
Mutual funds	6,622	9.03%	6,879	8.69%
	73,326		79,203	

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 45% (2021: 46%) in the total assets of the fund.

40. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation, however, there were no material reclassifications of corresponding figures.

41. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 137 (2021: 133) and average number of employees during the year were 135 (2021: 133).

42. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on October 7, 2022 has proposed a bonus share in respect of the year ended June 30, 2022 of 7.50% (2021: bonus share 5.00%). The unconsolidated financial statements for the year ended June 30, 2022 do not include the effect of these appropriations which will be accounted for in the year ending June 30, 2023.

43. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 07-Oct-22 by the board of directors of the Company.

44. 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

901, Q. M. House,
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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 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, 2022, 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, 2022 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 17.1 (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 17.1 (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 17.2 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 28.1 to 28.20 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

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition	
The Group has reported revenue amounting to Rs. 4,426.93 million during the year ended June 30, 2022. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject misstatement to meet expectations or targets. In addition, revenue is also considered as an area of significant risk as part of the audit process.	Our key audit procedures in this area amongst others included the following: • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of transactions recorded during the year with relevant underlying supporting documents and receipts; • inspecting manual journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; • tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and • assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.

Key audit matters	How the matter was addressed in our audit
2. Contingencies	
As at June 30, 2022, the Group has contingencies in respect of various regulatory and legal suites against the Group which are pending in different courts as disclosed in note 28 of the consolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.	Our key audit procedures in this area amongst others included the following: • assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee; • reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations; • obtained confirmation from the legal counsel to evaluate the status of the pending litigations and view point of the legal counsel thereon; • examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed; and • assessed the appropriateness of the related disclosures made in the accompanying consolidated financial statements in light of IAS-37 "Provisions and Contingencies"

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

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

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

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

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

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

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

Board of directors are 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.
- 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: October 07, 2022
Karachi.

UDIN: AR202210192qEP24m3a8

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		---------- (Rupees in '000') ----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	684,415	723,785
Intangible assets	6	77,044	79,288
Right-of-use assets	7	23,830	39,316
		785,289	842,389
Long term deposits	8	57,708	57,708
Long term investment	9	-	-
Deferred taxation	10	169,576	298,665
		1,012,573	1,198,762
CURRENT ASSETS			
Communication stores	11	170,160	125,529
Shor term investment	12	125,000	-
Trade debts	13	2,090,805	1,340,380
Loans and advances	14	268,180	146,172
Deposits and prepayments	15	154,945	75,831
Accrued mark-up	16	30,328	22,267
Other receivables	17	2,672,739	2,571,724
Taxation – net	18	165,465	291,432
Cash and bank balances	19	105,129	165,764
		5,782,751	4,739,099
TOTAL ASSETS		6,795,324	5,937,861

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		(Rupees in '000')	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (June 30, 2021: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
Issued, subscribed and paid-up capital	20	**3,150,000**	3,000,000
Exchange translation reserve		**26,129**	(984)
Un appropriated profit		**670,449**	174,625
Capital and reserves attributable to the owners of the Holding Group		**3,846,578**	3,173,641
Non-controlling interest		**246,126**	(2,080)
TOTAL EQUITY		**4,092,704**	3,171,561
NON-CURRENT LIABILITIES			
Long term financing	21	**696,797**	83,732
Contractual liability to a contractor	22	-	162,652
Lease liabilities	23	**10,162**	24,627
Deferred liabilities	24	**7,936**	8,510
		714,895	279,521
CURRENT LIABILITIES			
Trade and other payables	25	**1,632,643**	1,213,958
Unclaimed dividend		**4,394**	4,394
Accrued mark-up	26	**71,614**	309,075
Short term finance and current portion of long term financing and lease liabilities	27	**279,074**	959,352
		1,987,725	2,486,779
Contingencies & commitments	28		
TOTAL EQUITY AND LIABILITIES		**6,795,324**	5,937,861

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

CHIEF EXECUTIVE OFFICER　　CHIEF FINANCIAL OFFICER　　DIRECTOR

TELECARD LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
Revenue – net	29	4,426,928	3,873,309
Direct costs	30	(2,852,523)	(2,556,544)
Gross profit		1,574,405	1,316,765
Administrative & distribution costs	31	(986,694)	(849,065)
Other income / (expense)	32	264,351	329,708
		(722,343)	(519,357)
Operating profit		852,062	797,408
Finance costs	33	(100,748)	(96,750)
Profit before taxation		751,314	700,658
Taxation	34	(329,464)	(194,063)
Profit for the period		421,850	506,595
Profit / (loss) is attributable to:			
Owners of the Holding Company		416,458	506,610
Non-controlling interests		5,392	(15)
		421,850	506,595
			Restated
Earning per share - basic & diluted - (Rupees)	35	1.32	1.61

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021
	----- (Rupees in '000') -----	
Net profit for the period	**421,850**	506,595
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	**27,113**	(1,116)
Total comprehensive income for the period	**448,963**	505,479
Total comprehensive income / (loss) attributable to:		
Owners of the Holding Company	**443,571**	505,494
Non-controlling interests	**5,392**	(15)
	448,963	505,479

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Attributable to the owners of Holding Company				
	Issued subscribed paid-up capital	**Unappropriated profit**	**Exchange translation reserve**	**Non - controlling interest**	**Total**
	(Rupees in '000')				
Balance as at June 30, 2020	3,000,000	(329,485)	132	(2,065)	2,668,582
Net profit for the period	-	506,610	-	(15)	506,595
Other comprehensive income	-	-	(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
Net profit for the period	-	416,458	-	5,392	421,850
Other comprehensive income	-	-	27,113	-	27,113
Total comprehensive income	-	416,458	27,113	5,392	448,963
Total comprehensive loss for the year					
Issuance of bonus shares	150,000	(150,000)	-	-	-
Transactions with owners in their capacity as owners					
Transactions with non-controlling interests	-	229,366	-	238,514	467,880
Contribution from the non-controlling interests on issuance of new shares	-	-	-	4,300	4,300
	-	229,366	-	242,814	472,180
Balance as at June 30, 2022	3,150,000	670,449	26,129	246,126	4,092,704

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	47,746	399,619
Income tax paid		(74,391)	(123,797)
Finance costs paid		(15,763)	(23,561)
Retirement benefits paid		(574)	(451)
Long-term deposits paid		-	-
Net cash (used in) / generated from operating activities		(42,982)	251,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(171,353)	(112,853)
Short term investments		(125,000)	-
Proceeds from disposal of investments		467,880	-
Interest income received		8,294	5,293
Proceeds from disposal of property, plant and equipment		7,425	2,735
Exchange difference on translation of foreign subsidiary		(27,113)	(1,344)
Net cash generated from / (used in) investing activities		160,133	(106,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from contribution from NCI		4,300	-
Repayment of long-term finances-net		(153,761)	(43,245)
Lease rentals against right-of-use assets		(19,810)	(32,290)
Short term running financing- net		(8,515)	8,239
Net cash used in financing activities		(177,786)	(67,296)
Net (decrease) / increase in cash and cash equivalents		(60,635)	78,346
Cash and cash equivalents at the beginning of the year		165,764	87,418
Cash and cash equivalents at the end of the period	19	105,129	165,764

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

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

TELECARD LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 company. The shares of the Holding Company are listed on the Pakistan Stock Exchange. The Holding Company is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services. The registered office of the Holding Company 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 has been granted a license by the Ministry of Communications, Government of Pakistan to establish and operate a data network system in Pakistan. The Company 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 81.19% 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.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

i) it has power to direct the relevant activities of the subsidiaries;
ii) it is exposed to variable returns from the subsidiaries; and
iii) decision making power allows the Group to affect its variable returns from the subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include Telecard Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than fifty percent of the voting securities or otherwise has power to elect and appoint more than fifty percent of its directors (the Subsidiaries).

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in the consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of comprehensive income are reclassified to consolidated statement of 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 Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.4 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are prepared following accrual basis of accounting except for cash flow information.

2.5 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.

3. CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

a) Amendments to published accounting and reporting standards which became effective during the year:

There were certain amendments to the accounting and reporting standards which became mandatory for the Company during the year. However, the amendments did not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

b) Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

3.1 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 consolidated financial statements:

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 5 & 6
Provision for doubtful debts and other receivables	4.9
Accounting for staff retirement benefits	4.11 & 24
Recognition of tax and deferred tax	4.6, 10, 18 & 34
Other provisions and contingent liabilities	4.18 & 28
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	4.14 & 23
Detemining the useful lives and carrying value of ROU assets	4.2 & 7

4. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented in the consolidated financial statements unless otherwise stated.

4.1 Fixed assets

4.1.1 Property and equipment

Operating fixed assets - owned

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

Subsequent costs, if reliably measureable, are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to consolidated statement of profit or loss during the period in which they are incurred.

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

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

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

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

Capital work-in-progress

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

4.1.2 Intangible assets and amortisation

Licences

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

Computer software

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

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

Goodwill

Goodwill 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.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.2 Right of use asset

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

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

4.3 Communication stores

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

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

4.4 Trade debts and other receivables

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

4.5 Loans and advances

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

4.6 Taxation

Current

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

4.10.5 Loans and borrowings

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

4.10.6 Derecognition of financial liabilities

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

4.10.7 Offsetting financial assets and financial liabilities

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

4.10.8 Loss allowance for ECL / impairment

Financial assets

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

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

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 impaiment as at each reporting date. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss, or the reversal of an impairment loss, are both recognised in the consolidated statement of profit or loss.

4.11 Employees' retirement benefits

Defined benefit plan

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

Defined contribution plan

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

4.12 Foreign currency translation

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

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

4.13 Borrowing costs

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

4.14 Lease liability against ROU assets

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

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

4.15 Revenue

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

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

4.16 Interconnect charges and liability

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

4.17 Dividend and other appropriation of reserves

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

4.18 Other provisions and contingent liabilities

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

4.19 Related party transactions

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

Following are the related parties of the Group:

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

4.20 Earnings per share

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2022	June 30, 2021
		------ (Rupees in '000) ------	
Operating fixed assets	5.1	684,415	723,785

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2021	Additions	(Disposals)	As at June 30, 2022	As at July 01, 2021	For the year	(Disposals)	As at June 30, 2022	As at June 30, 2022	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	5.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		26,194	-	-	26,194	18,426	2,524	-	20,950	5,244	20%
Building on freehold land		625	-	-	625	623	-	-	623	2	5%
Apparatus, plant & equipment	5.1.2 & 5.1.3	7,888,859	159,678	(39,248)	8,009,289	7,209,928	190,837	(32,053)	7,368,712	640,577	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment		100,483	635	-	101,118	82,689	3,702	-	86,391	14,726	10-15%
Computers & related accessories	5.1.2	127,368	10,956	(30)	138,294	120,517	5,818	-	126,335	11,959	33%
Vehicles	5.1.2	32,577	84		32,661	23,158	616		23,774	8,887	20%
		8,210,001	171,353	(39,278)	8,342,076	7,486,216	203,497	(32,053)	7,657,660	684,415	

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

	Cost				Accumulated depreciation				W.D.V.	
	As at July 01, 2020	Additions/ transfers*	(Disposals)	As at June 30, 2021	As at July 01, 2020	For the year	(Disposals) / transfers	As at June 30, 2021	as at June 30, 2021	Depreciation rate per annum
	(Rs. In '000')									
Owned										
Freehold land	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	592	31	-	623	2	5%
Apparatus, plant & equipment	7,748,131	104,953 35,775 *	-	7,888,859	7,004,664	183,314	21,950	7,209,928	678,931	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	121,682	5,686	-	127,368	117,000	3,517	-	120,517	6,851	33%
Vehicles	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**	**18,927**	**7,486,216**	**723,785**	
Leased Assets										
Plant & equipment	35,775	(35,775)	-	-	19,267	2,683	(21,950)	-	-	-
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**	

5.1.1 Freehold land and building on freehold land is situated at regional engineering office, near Gatwala Bridge, Sheikhupura road, Faisalabad, measuring 5 canal, 18 marlas, which are duly registered in the name of the Holding Company.

5.1.2 The cost of fully depreciated asset as at June 30, 2022 is Rs. 7,616.998 million (June 30, 2021: Rs. 7,184.261 million).

5.1.3 Equipment, costing Rs. 1,278.70 million (June 30, 2021: Rs.1,166.13 million), having a net book value of Rs. 454.302 million (June 30, 2021: Rs. 364.626 million) are in the possession of the customers of the Group in the ordinary course of business.

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
5.2 **Depreciation for the year has been allocated as follows:**			
Direct costs	30	190,807	183,230
Administrative & distribution costs	31	12,689	13,442
		203,496	196,672

5.3 Particulars of tangible operating assets having aggregate net book value exceeding Rs 5,000,000 and individually a net book value Rs 500,000 or more disposed off during the year are as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
			(Rs. in '000')				
Apparatus, plant & equipment	39,248	32,053	7,195	7,395	200	Quotation	Muhammad Zameer
Total	**39,248**	**32,053**	**7,195**	**7,395**	**200**		

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
6. INTANGIBLE ASSETS			
Intangible assets	6.1	77,044	79,288

6.1 The statement of intangible assets is as follows:

	Note	Cost			Accumulated amortisation			W.D.V.	
		As at July 01, 2021	Addition during the year	As at June 30, 2022	As at July 01, 2021	For the year	As at June 30, 2022	As at June 30, 2022	Period years
		Rupees in '000'							
WLL Licenses	6.1.1	8,120	-	8,120	6,902	406	7,308	812	20
LDI License	6.1.2	29,029	-	29,029	24,252	1,548	25,800	3,229	20
Computer software		41,224	-	41,224	40,066	290	40,356	868	5
Goodwill		118,751	-	118,751	46,616	-	46,616	72,135	
		197,124	-	197,124	117,836	2,244	120,080	77,044	

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

	Note	Cost			Accumulated amortisation			W.D.V.	
		As at July 01, 2020	Addition during the year	As at June 30, 2021	As at July 01, 2020	For the year	As at June 30, 2021	As at June 30, 2021	Period years
		Rupees in '000'							
WLL Licenses	6.1.1	8,120	-	8,120	6,496	406	6,902	1,218	20
LDI License	6.1.2	29,029	-	29,029	22,704	1,548	24,252	4,777	20
Computer software		39,776	1,448	41,224	39,776	290	40,066	1,158	5
Goodwill		118,751	-	118,751	46,616	-	46,616	72,135	
		195,676	1,448	197,124	115,592	2,244	117,836	79,288	

6.1.1 These represent cost of non-exclusive licenses granted by the PTA to the Holding 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 an period of 20 years, commencing August 04, 2004.

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

		Note	June 30, 2022	June 30, 2021
			--- (Rupees in '000') ---	
6.2	**Amortization for the year has been allocated as follows**			
	Direct costs	30	**1,954**	1,954
	Administrative & distribution costs	31	**290**	290
			2,244	2,244
6.3	**Capital work in progress - Intangibles**			
	Opening balance		-	1,448
	Additions		-	-
	Transferred to intangible assets		-	(1,448)
	Closing balance		-	-
7.	**RIGHT-OF-USE ASSETS**			
	As at July 01, 2021			
	Cost		**92,361**	92,361
	Accumulated depreciation		**(53,045)**	(27,207)
	Net book value		**39,316**	65,154
	Year ended June 30, 2022			
	Opening net book value		**39,316**	65,154
	Depreciation for the year		**(15,486)**	(25,838)
	Closing net book value		**23,830**	39,316
	As at June 30, 2022			
	Cost		**92,361**	92,361
	Accumulated depreciation		**(68,531)**	(53,045)
	Net book value		**23,830**	39,316
7.1	**Depreciation charge for the year on right-of-use assets has been allocated as follows:**			
	Direct costs	30	**13,480**	23,484
	Administrative expenses & distribution costs	31	**2,006**	2,354
			15,486	25,838

		Note	June 30, 2022	June 30, 2021
			--- (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		**1,275**	1,275
			57,708	57,708
9.	**LONG TERM INVESTMENT**			
	Others - at cost	9.1	**300,449**	480,630
	Less: provision for impairment	9.3	**(300,449)**	(480,630)
			-	-

9.1 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

9.2 During the year, the Holding Company entrered into a share purchase agreement for disposal of investment in Augere Holdings. The Holding Company sold 403 number of prefrence shares having a net book value of Rs nil (cost: 180 million) for Rs 0.5 million.

		June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
9.3	The movement in provision for impairment during the year is as follows:		
	Balance at beginning of the year	**480,630**	480,630
	Reversal of provision on disposal of investment during the year	**(180,181)**	-
	Balance at end of the year	**300,449**	480,630
10.	**DEFERRED TAXATION**		
	Deferred tax credits arising on		
	Accelerated tax depreciation	**(3,219)**	(22,890)
	Remeasurement of liability	**(13,187)**	-
	Exchange differences	**-**	(4,637)
	Amortisation of intangible assets	**(400)**	(1,739)
		(16,806)	(29,266)

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
Deferred tax debits arising from			
Retirement benefits		2,302	2,469
Doubtful debts and other provision		165,121	277,494
Exchange differences		1,450	-
Lease liabilities		8,535	13,130
Tax losses brought forward		-	44,086
Others		8,975	-
		186,382	337,179
		169,576	307,913
Deferred tax asset not recognized	10.1	-	(9,248)
		169,576	298,665

10.1 Being prudent and based on future projections, the Group has not recognized deferred tax asset amounting to Rs. Nil (June 30, 2021: 9.248 million).

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
11. COMMUNICATION STORES			
Stores		157,300	113,213
Provision against slow moving stores	11.1	(16,875)	(16,875)
		140,425	96,338
Consumables		29,735	29,191
		170,160	125,529
11.1 Provision against slow moving stores			
Opening balance		16,875	10,743
Provision for the year		-	6,132
Balance at the end of the year		16,875	16,875
12. SHORT TERM INVESTMENT			
Islamic saving certificates		125,000	-

12.1 These investments are made in special sharikah certificates on musharaka basis carrying expected return at the rate of 10.5% per annum and having maturity of 15 days.

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	
13. TRADE DEBTS			
Unsecured - considered good		2,090,805	1,340,380
Considered doubtful		92,779	109,605
Loss allowance for debts considered doubtful	13.1	(92,779)	(109,605)
		-	-
		2,090,805	1,340,380

		Note	June 30, 2022	June 30, 2021
			--- (Rupees in '000') ---	
13.1	**Loss allowance for debts considered doubtful**			
	Opening balance		**109,604**	127,517
	Charge for the year	31	**43,174**	40,537
	Provisions written off		**(60,000)**	(58,450)
			92,778	109,604

13.2 As at June 30, 2022 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') ----------			
Others	2,090,805	1,352,302	215,700	522,803
Related party	-	-	-	-
June 30, 2022	**2,090,805**	**1,352,302**	**215,700**	**522,803**
June 30, 2021	1,340,380	559,849	193,504	587,027

		Note	June 30, 2022	June 30, 2021
			--- (Rupees in '000') ---	
14.	**LOANS AND ADVANCES**			
	Loans- unsecured			
	Considered good			
	World Trade Center (Private) Limited	14.1	**30,000**	30,000
	Advances – unsecured			
	Considered good			
	Executives	14.2	**6,757**	6,211
	Employees		**42,273**	33,177
	Suppliers		**189,150**	76,784
			238,180	116,172
			268,180	146,172

14.1 This represents a short-term loan to World Trade Center (Private) Limited, carrying mark-up rate 3 months KIBOR plus 2.4%. (2021: 3 months KIBOR plus 2.4%) per annum. The loan is receivable on demand. The maximum aggregate amount due at the end of any month during the year was Rs. 30 million (2021: Rs. 30 million).

14.2 The maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 6.75 million (2021: Rs. 6.21 million).

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	

15. DEPOSITS AND PREPAYMENTS

	Note	June 30, 2022	June 30, 2021
Deposits			
Earnest money		32,785	24,669
Margin against guarantee		67,400	388
Others		23,574	21,324
		123,759	46,381
Considered doubtful			
Earnest money		2,441	2,441
Loss allowance against deposits considered doubtful		(2,441)	(2,441)
		-	-
Prepayments			
Rent		20,353	17,233
Interconnect operators		6,706	5,769
Others		4,127	6,448
		31,186	29,450
		154,945	75,831

16. ACCRUED MARK-UP

	Note	June 30, 2022	June 30, 2021
Mark-up on current accounts with third parties		30,328	22,267
		30,328	22,267

17. OTHER RECEIVABLES

	Note	June 30, 2022	June 30, 2021
Others - considered good			
Karachi Relief Rebate	17.1(a)	349,954	349,954
Amount withheld by PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		352,594	352,594
Pakistan Telecommunication Authority - APC for USF	17.2	1,547,559	1,547,559
Pakistan Telecommunication Authority - ARFSF	17.3	118,135	48,135
Pakistan Telecommunication Authority - others	17.4	117,197	117,197
Claim against a bank	17.5	998	998
Insurance claims		4,756	4,306
Due from a contractor		3,212	2,935
Punjab Revenue Authority (PRA)	17.6	34,956	34,956
Deposit with FBR under tax amnesty scheme		2,991	2,991
Others		44,346	14,058
		2,672,739	2,571,724
Considered doubtful			
Due from PTCL against WPS	17.7	243,890	243,890
Pakistan Telecommunication Authority		76,428	76,428
		320,318	320,318
Loss allowance for receivables considered doubtful	17.8	(320,318)	(320,318)
		-	-
		2,672,739	2,571,724

17.1(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 Holding 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 Holding 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 Holding Company, the management and legal advisor of the Holding Company is confident that the recovery of the amount accrued would be as prayed by the Holding Company.

17.1(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Holding Company for the recovery of Rs. 334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Holding Company. In the opinion of the legal advisor of the Holding Company, if it is decided by the Court that the Holding Company is not entitled to the Karachi Relief Rebate and the decision in this case is against the Holding Company, then the Holding 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 Holding Company to PTCL, but in fact the Holding 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 Holding Company has not made any provisions for the aforesaid claim in these consolidated financial statements. The Court, in its order dated June 25, 2003 ordered the Holding 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.

17.2 The Holding 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 Holding 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 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 Holding Company. The additonal amount claimed by the PTA from the Holding Company is Rs. 2,565.589 (net of the Rs. 352.594 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 Holding Company have challenged the determinations on multiple grounds, including but not limited to a) that the 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 Holding 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 was subsequently terminated by the MOIT and PTA.

17.3 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 Holding Company in a writ petition. filed before the Islamabad High Court which is pending adjudication. The Holding Company surrendered its WLL License to PTA in August, 2016 as fully mentioned in note 24.2.1 which is yet pending settlement from PTA, however, the Company 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. Further, an additiional ammount of Rs. 70.000 million has been paid by the Holding Company under protest on demand of PTA.

17.4 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 Holding 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 and legal advisor is confident that the same is on plausible grounds. Nevertheless, the Holding Company has charged-off partial amount (Rs. 45.550 million out of Rs. 101.876 million), 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.

17.5 This represents amount due from a bank in respect of the PTCL bills paid by the Holding Company to the bank but not passed over to the PTCL. The Holding Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 million (2021: Rs. 0.998 million) and damages, aggregating to Rs. 8.250 million (2021: 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.

17.6 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 Holding 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 the Holding Company, hence the amount shall be refunded by the tax authorities.

17.7 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 Holding 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 Holding 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 in these consolidated financial statements.

		Note	June 30, 2022	June 30, 2021
			---- (Rupees in '000') ----	
17.8	**Loss allowance for other receivables considered doubtful**			
	Opening balance		**320,318**	646,088
	Allowance against Karachi relief rebate package written back		-	(24,183)
	Allowance against Karachi relief rebate package written back		- -	(301,587)
			320,318	320,318
18.	**TAXATION – NET**			
	Advance income tax		**365,823**	451,216
	Provision for taxation	34	**(200,358)**	(159,784)
			165,465	291,432
19.	**CASH AND BANK BALANCES**			
	Cash at banks			
	In current accounts			
	Local currency		**22,094**	18,144
	Foreign currency		**57,669**	95,559
			79,763	113,703
	In savings accounts			
	Local currency		**25,146**	51,871
	Cash in hand		**220**	190
			105,129	165,764

19.1 These carry mark-up at rates, ranging between 2.98% to 6.96% (June 30, 2021: 3.76% to 5.70%) per annum.

		June 30, 2022	June 30, 2021
		---- (Rupees in '000') ----	
20.	**SHARE CAPITAL AND RESERVES**		
20.1	**AUTHORISED SHARE CAPITAL**		
	400,000,000 (2021: 400,000,000) ordinary shares of Rs. 10/- each	**4,000,000**	4,000,000
20.2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	300,000,000 (2021: 300,000,000) ordinary shares of Rs. 10/- each issued for cash	**3,000,000**	3,000,000
	15,000,000 (2021: nill) ordinary shares of Rs. 10/- each issued as bonus shares	**150,000**	-
		3,150,000	3,000,000

20.3 During the year, the Holdng Company issued bonus shares in proportion of 5 shares for every 100 shares held i.e. 5% amounting to Rs. 150 million

20.4 As at reporting date, chief executive officer, directors and their spouses held 0.001% (2021: 7.59%), associated undertaking held nil (2021: 1.83%) and the balance of 90.58% (2021: 90.58%) are held by individual and others.

20.5 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.

	Note	June 30, 2022	June 30, 2021
		-- (Rupees in '000) --	
21. LONG TERM FINANCING			
Secured			
From banks and financial institutions			
Term finance	21.1	23,438	54,688
Diminishing musharaka		60,294	84,494
		83,732	139,182
Current maturity:			
Term finance		(23,438)	(31,250)
Diminishing musharaka		(24,200)	(24,200)
Current maturity shown under current liabilities		(47,638)	(55,450)
		36,094	83,732
Term finance certificates	21.2	734,322	736,190
Current maturity shown under current liabilities		(73,619)	(736,190)
		660,703	-
		696,797	83,732

21.1 This represent term finance facility obtained from a commercial bank, repayable in 16 equal quarterly instalments after a grace period of one year with the first instalment starting from January, 2018. This facility carries mark-up at the rate of six month KIBOR plus 2.4 % per annum payable quarterly. The facility is secured against hypothecation charge over plant and machinery, first pari pasu charge on current assets of the Holding Company, pledge on shares of Parent Company and third party equitable mortgage on property.

21.2 There has been a significant change in the terms and condition of term finance facilities disclosed in the Holding Company's annual unconsolidated financial statements for the year ended June 30, 2021. The listed Term Finance Certificates (TFC's) issued by the Holding Company have been restructured effective from October 2021. Under the restructured terms, the outstanding principal amount is repayable over 20 equal quarterly installments beginning from March 31, 2022. However, in the event that the Holding Company is successfully able to execute Offer for Sale (OFS) of its wholly owned subsidiary Supernet Limited subject to the condition that the proceeds from such OFS not less than Rs. 250 million, then the three quarterly installment of principal that fall due after the said listing would be immediately paid in a single bullet payment. Further, markup accrued till December 31, 2020 and the markup accrued post restructuring shall be paid in eight quarterly installments starting from March 31, 2027. These TFC's carry markup at the rate of three month KIBOR. Furthermore, as per the restructured agreement, profit shall not accrue from January 01, 2021 till September 30, 2021.

		June 30, 2022	June 30, 2021
		-- (Rupees in '000') --	

22. CONTRACTUAL LIABILITY TO A CONTRACTOR

Unsecured			
Advance from a contractor		**162,652**	336,870
Liabilities no longer payable written back		**(162,652)**	(174,218)
		-	162,652

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

Although the agreement does not specify the period in which such infrastructure services are to be provided by the Holding Company to the contractor, it was assumed that the balance value of the Credit Note is available for the Holding Company utilisation over the balance life of WLL licences. Since the Credit Note in question was not finalised to date and the contractor does not operate any more, therefore management has decided to write back the laibility and has taken into other income.

		June 30, 2022	June 30, 2021
		-- (Rupees in '000') --	

23. LEASE LIABILITIES

Lease liabilities		**29,431**	45,276
Current portion of lease liabilities		**(19,269)**	(20,649)
		10,162	24,627

23.1 Reconciliation of the carrying amount is as follows:

Opening balance		**45,276**	69,273
Accretion of interest		**3,965**	8,293
Lease rental payments made during the year		**(19,810)**	(32,290)
Lease Liability as at June 30		**29,431**	45,276
Current portion of lease liabilities		**(19,269)**	(20,649)
Long-term lease liabilities as at June 30		**10,162**	24,627

23.2 Maturity analysis

Gross lease liabilities - minimum lease payments:			
Not later than one year		**18,807**	25,386
Later than one year but not later than five years		**13,404**	27,597
		32,211	52,983
Future finance charge		**(2,780)**	(7,707)
Present value of lease liabilities		**29,431**	45,276

24. DEFERRED LIABILITIES

Staff gratuity		**7,936**	8,510
Spectrum fee payable	24.1	**-**	-
		7,936	8,510

		Note	June 30, 2022	June 30, 2021
			----(Rupees in '000')----	
25.	**TRADE AND OTHER PAYABLES**			
	Pakistan Telecommunication Group Limited (PTCL)			
	Interconnect operators		**7,264**	11,989
	Others		**1,260,676**	731,353
			1,267,940	743,342
	Other payables			
	Spectrum fee payable	24.1	**-**	146,493
	Contractual liability to customers		**9,644**	15,503
	Advances from franchisees		**200**	200
	Accrued liabilities		**232,313**	175,798
	Payable to employees provident fund		**2,782**	107
	Workers' welfare fund		**7,218**	7,746
	Others		**112,546**	124,769
			364,703	470,616
			1,632,643	1,213,958
26.	**ACCRUED MARK-UP**			
	On secured			
	Long-term loans		**22,986**	19,366
	Term finance certificate		**86,106**	52,075
	Short-term running finance		**6,575**	3,117
	Interest / mark-up against financing		**29,813**	276,133
	On unsecured current accounts			
	Others		**41,801**	32,942
			71,614	309,075
27.	**LONG TERM FINANCING AND LEASE LIABILITIES**			
	Running finance from bank - secured	27.1	**138,548**	147,063
	Current maturity			
	Term term finance certificates	21	**73,619**	736,190
	Term finance	21	**23,438**	31,250
	Diminishing musharaka	21	**24,200**	24,200
			121,257	791,640
	Current portion of lease liabilities	23	**19,269**	20,649
			279,074	959,352

27.1 This represents running finance facility aggregated to Rs. 200 million (June 30, 2021: 150 million) obtained by the Holding Company 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 of Parent Company and third party equitable mortgage. The unutilised facility amounts to Rs. 52.352 million (June 30, 2021: 2.937 million).

28. CONTINGENCIES AND COMMITMENTS

28.1 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 Holding 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 Holding Company has settled this amount in full, under protest.

28.2 The Holding 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.

28.3 During the year ended June 30, 2017, the Holding Company filed a suit before the Sindh High Court (SHC) challenging notice of demand dated August 24, 2016 on account of APC for USF and show cause notice dated November 17, 2016 issued by PTA dues as of July 31, 2016 amounting to Rs. 3,904. 241 million including principal amounting to Rs. 1,304.900 million and fine amounting to Rs. 2,599.340 million. The Court passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Holding Company. The matter is at the stage of hearing of applications. Management, in consultation with their legal advisor is of the view that the Holding Company has a good and arguable case on merits and the suit is likely to be decreed in favor of the Holding Company.

28.4 The Holding 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.

28.5 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 Holding 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.

28.6 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Holding 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 Holding Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.810 million. The Holding 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 Holding Company had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Holding 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 Holding Company has filed an appeal in the Court, which has not been heard to-date.

28.7 PTCL's claim amounting to Rs.1,634.703 million (2021: Rs.1,634.703 million) in respect of monthly billing has not been acknowledged as debt by the Holding Company. The Holding Company maintains that the said amount is overbilled by the PTCL.

28.8 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 17.1 (a & b) to the consolidated financial statements.

28.9 Contingencies in respect of the PTA various claims and ISF are disclosed in note 17 and 24.2.1 to the consolidated financial statements.

28.10 No provision on account of above contingencies including note 28.8 and 28.9 has been made in the consolidated financial statements as the management and legal advisors of the Holding Company are of the view, that these matters will eventually be settled in favour of the Holding Company.

28.11 Counter guarantees given to banks amounts to Rs. 47.225 million (2021: Rs.47.225 million) .

28.12 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Limited, Thailand, in the High Court of Sindh against Supernet Limited for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 66.548 million (June 30, 2021: Rs. 50.021 million). Out of this amount, a sum of Rs. 24.648 million (June 30, 2021: Rs.18.942 million) had been withheld from the payments made by the company to the above-referred entity. The balance amount of Rs. 41.900 million (June 30, 2021: Rs. 31.079 million) has not been provided for in these consolidated financial statements as the Holding Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in the 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 Holding Company's consolidated financial statements.

28.13 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 Supernet Limited for the return of certain equipment or payment of US$300,000 equivalent to Rs. 61.5 million (June 30, 2021: Rs.46.227million) and a compensation of US$270,000 [approximately Rs. 55.35 million (June 30, 2021: Rs. 41.604 million)] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the company in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in the Holding 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 Holding Company's consolidated financial statements.

28.14 The Holding Company 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 Holding Company 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 Holding Company's customers had been delayed by the Government of Pakistan. The said unsold and unusable capacity that the Holding Company 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 to business and profitability of the Holding Company.

28.15 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 Holding Company's discussions and negotiations with Intelsat came to a halt. Intelsat's bankruptcy also exposed the Holding Company and its customers to risks about dependability and continuity of services, and increased the risk of termination of service by the Holding Company's customers. Additionally, Intelsat due to its financial crises began unreasonably pressurizing the Holding Company for unjustified payments for unsold and unused capacity.

Considering this, the Holding Company 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 Holding Company. The management of the Holding Company 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 consolidated financial statements.

The Holding Company 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.

28.16 The income tax assessments of the Holding Company have been finalized up to and including the tax year 2020. While finalizing the Holding Company'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 Holding Company, aggregating Rs. 17.078 million (June 30, 2021: Rs. 17.078 million), on account of non-verifiability of payment challans. The Holding Company 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 Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.17 During the year ended June 30, 2013, the Holding Company 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, 2021: Rs. 15.398 million) was raised. The Holding Company through its tax consultant is pursuing the matter. So far, no adverse action has been taken against the Holding Company by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favor of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

28.18 The Holding Company was issued a show cause notice by PTA in 2015 alleging, amongst other things, that the Holding Company 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 Holding Company before the High Court through an Appeal, which was disposed of by the High Court in March 2020 requiring the Holding Company to comply with the PTA requirements. The Holding Company 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 Holding Company 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 consolidated financial statements that may arise as an outcome of this matter.

28.19 In the year 2017, the Company filed an appeal against the notices received by the PTA to its customers for discontinuing the VSAT services. The Court passed an interim order whereby the notices were suspended. The matter is at the stage of hearing of application. Accordingly, base on the lawyer's opinion no provision has been made in these consolidated financial statements.

28.20 During our audit the Company has received a demand of Rs 12.6 million from the Chief Inspector of Stamps, Board of Revenue in respect of payment of deficit stamp duty on the transfer of shares done in the year 1996 to 2000 and in the years from 2011 to 2014, under Section 40(1)(b) of the Stamp Act, 1899. The Company filed an appeal before the Chief Revenue Authority of Sindh, the appeal is on initial stage and no hearing has been set, the lawyer on the grounds that the Chief Inspector of Stamps has failed to properly appreciate the evidence and the Company had paid the stamp duty amounting to Rs. 5.03 million on transfer of shares on August 8, 2003 therefore the appellant was never liable to pay the Stamp duty on Transfer of Shares as it is the responsibility of the transferee as per Section 29(31) of The Stamp Act, 1899. Accordingly, base on the lawyers opinion the provision has not been made in these consolidated financial statements.

28.21 The Holding Company has committed to deposit an amount of Rs. 22.307 million (June 30, 2021:22.307 nil) in terms of security deposit to its satellite bandwidth vendor.

28.22 Letters of guarantee, amounting to Rs. 107.551 million (June 30, 2021: Rs. 33.04 million), have been issued by commercial banks on behalf of the Holding Company.

		Note	June 30, 2022	June 30, 2021
			-----(Rupees in '000')-----	
29.	**REVENUE – NET**			
	Turnover		**3,430,172**	3,265,586
	Turnkey projects		**734,371**	353,479
	Sale of equipment		**262,385**	254,244
			4,426,928	3,873,309
30.	**DIRECT COSTS**			
	Salaries and other benefits	30.1	**201,883**	189,324
	Interconnect charges – net		**128,319**	155,922
	Network media charges		**387,791**	266,059
	Short-term leases - network sites rental		**46,703**	38,647
	Network sites utilities and maintenance		**154,403**	123,418
	Satellite bandwidth & communication charges		**878,239**	1,056,277
	Cost of turn key projects		**188,221**	180,803
	Communication stores consumed	30.2	**506,874**	198,635
	Support service cost		**47,836**	55,440
	Repairs and maintenance		**962**	939
	Royalty	30.3	**5,524**	4,498
	Consultancy		**9,185**	5,759
	Conveyance and travelling		**7,682**	5,826
	Subscription charges		**15,443**	6,812
	Communication		**2,583**	2,297
	Insurance		**4,998**	7,618
	Annual license fee		**27,322**	26,937
	Depreciation on operating fixed assets	5.2	**190,807**	183,230
	Depreciation on right-of-use assets	7.1	**13,480**	23,484
	Amortisation	6.2	**1,954**	1,954
	Others		**32,314**	22,665
			2,852,523	2,556,544

30.1 This includes a sum of Rs. 6.030 (June 30, 2021: Rs. 5.897) million in respect of the Group's contribution towards provident fund.

		June 30, 2022	June 30, 2021
		-----(Rupees in '000')-----	
30.2	**Communication stores consumed**		
	Opening stock	**125,529**	129,063
	Purchases	**551,505**	195,101
		677,034	324,164
	Closing stock	**(170,160)**	(125,529)
		506,874	198,635

	Note	June 30, 2022	June 30, 2021
		-----(Rupees in '000')-----	
32. OTHER INCOME / (EXPENSE)			
Income from financial assets & liabilities			
Income on saving accounts		8,294	5,293
Provision written back		7,675	42,093
Mark-up on short term loan		3,563	2,894
Realised & unrealised exchange (loss) / income - net		(87,640)	47,600
Gain due to TFC's restructuring		163,901	-
Gain on sale of long term investment		500	-
Liabilities no longer payable written back		162,652	223,072
		258,945	320,952
Income / (expense) from non-financial assets			
Gain on sale of fixed assets		200	1,802
Scrap sale		2,353	8,596
Others		2,853	(1,642)
		5,406	8,756
		264,351	329,708
33. FINANCE COSTS			
Mark-up on secured:			
Long-term financing		4,250	6,694
Term finance certificates		55,574	53,941
Short-term financing		24,673	20,471
Mark-up on current accounts with others		4,361	2,483
Lease liabilities against ROU assets		3,965	8,293
Mark-up on unpaid contribution to provident fund		-	215
Bank charges		7,925	4,653
		100,748	96,750
34. TAXATION			
Current		199,015	152,676
Prior		1,343	7,108
Deferred		129,105	34,279
	34.1	329,464	194,063
34.1 Relationship between accounting profit and income tax expense			
Profit before taxation		751,314	700,658
Tax @ 29%		217,881	203,191
Effect of prior period tax		1,343	7,108
Others		110,240	(16,236)
		329,464	194,063

The income tax assessments of the Group have been finalised up to and including the tax year 2021, except for certain tax year in respect of which, appeals are currently in progress at different forums as disclosed in the note 28.

	Note	June 30, 2022	June 30, 2021
		--- (Rupees in '000') ---	

35. EARNING PER SHARE – BASIC AND DILUTED

35.1 Earnings per share - Basic

	Note	June 30, 2022	June 30, 2021
Profit attributable to the owners of the Holding Group		**416,458**	506,595
Weighted average number of ordinary shares outstanding during the year (Numbers in'000)		**315,000**	300,000
Add : Bonus shares issued after the reporting period (Numbers in'000)	35.1.1	**-**	15,000
		315,000	315,000
Earnings per share - basic (Rupees)		**1.32**	1.61

35.1.1 During the year, the Holding Company has issued bonus shares. In accordance of the requirement of IAS 33 'Earnings per share' the number of ordinary shares outstanding last year has been adjusted as if the event had occurred at the beginning of the year. Therefore, earnings per share has been restated accordingly.

35.2 Earnings per share - Diluted

No figures for diluted earnings per share have been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

36. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2022	June 30, 2021
		----(Rupees in '000')----	
Profit before taxation		**751,314**	700,658
Adjustments for non-cash charges and other items			
Depreciation on operating fixed assets	5.2	**203,497**	196,672
Depreciation on right-of-use assets	7.1	**15,486**	25,838
Amortisation	6.2	**2,244**	2,244
Provision for gratuity		**-**	515
Unrealised exchange gain		**5,564**	(16,695)
Income on saving accounts	32	**(8,294)**	(5,293)
Finance costs	33	**92,823**	96,750
Loss allowance for debts considered doubtful	31	**43,174**	40,537
Mark-up on short term loan	32	**(3,563)**	(2,894)
Provision against slow moving stores		**-**	6,132
Liabilities no longer payable written-back	32	**(162,652)**	(223,072)
Gain on sale of long term investments	32	**(500)**	-
Gain due to TFC restructuring	32	**(163,901)**	-
Adjustment of long-term deposits		**-**	30,636
Provisions written back	32	**(7,675)**	(42,093)
Gain on sale of fixed assets	32	**(200)**	(1,802)
		16,003	107,475
Profit before working capital changes		**767,317**	808,133

	June 30, 2022	June 30, 2021
	----(Rupees in '000')----	
(Increase) / decrease in current assets		
Communication stores	(44,631)	(2,598)
Trade debts	(793,599)	4,169
Loans and advances	(122,008)	(1,174)
Deposits and prepayment	(79,114)	3,047
Other receivables	(101,015)	(148)
	(1,140,367)	3,296
Increase / (decrease) in trade and other payables	420,796	(411,809)
Cash generated from operations	47,746	399,619

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

	June 30, 2022			June 30, 2021		
	Chief Executive Officer Holding Company	Director	Executives	Chief Executive Officer Holding Company	Director	Executives
	------ (Rupees in '000') ------			------ (Rupees in '000') ------		
Managerial remuneration	10,452	18,924	130,380	12,610	17,324	149,751
Other perquisites and benefits:						
House rent	4,703	8,516	12,034	5,674	7,796	12,761
Medical	-	70	1,968	35	120	2,490
Retirement benefits	871	1,184	5,572	871	1,000	5,537
Prequisites and benefits	1,045	1,892	101,883	1,261	1,732	96,847
	6,619	11,662	121,457	7,841	10,648	117,635
	17,071	30,586	251,837	20,451	27,972	267,386
Number of persons	1	3	14	1	3	14

37.1 No remuneration has been paid to any of the non-executive directors during the year except fee for attending board meetings which were paid to non-executive directors amounting to Rs. 0.850 (June 30, 2021: 0.400) million.

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	June 30, 2022	June 30, 2021
		----(Rupees in '000')----	
38.1 Financial assets at amortised cost			
Long term deposits	8	**57,708**	57,708
Trade debts	13	**2,090,805**	1,340,380
Loans and advances	14	**30,000**	30,000
Deposits and prepayments	15	**123,759**	46,381
Accrued mark up	16	**30,328**	22,267
Other receivable	17	**2,672,739**	2,213,459
Cash and bank balances	19	**105,129**	165,764
		5,110,468	3,875,959
38.2 Financial liabilities measured at amortised cost			
Long term financing	21	**696,797**	83,732
Lease liabilities	23	**10,162**	24,627
Trade and other payables	25	**1,615,781**	1,202,328
Short term finance and current portion of long term financing and lease liabilities	27	**279,074**	959,352
Accrued interest / mark-up	26	**71,614**	309,075
Unclaimed dividend		**4,394**	4,394
		2,677,822	2,583,508

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

39.1 Market risk

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

39.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2022, 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. 9.014 (June 30, 2021: 9.405) million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

39.1.2 Foreign currency risk

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

	June 30, 2022	June 30, 2021
	-------- US$ -------	
Trade debts	153,414	189,464
Bank balances	281,488	605,767
Trade and other payables	(3,156,113)	(4,915,531)
	(2,721,211)	(4,120,300)

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

Exchange rate (Rupees)	204.85	157.74

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, 2022	+10	(55,744)	(55,744)
	-10	55,744	55,744
June 30, 2021	+10	(74,548)	(74,548)
	-10	74,548	74,548

39.1.3 Equity risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2022 the Group is not exposed to equity price risk.

39.1.4 Credit risk

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

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

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, 2022	June 30, 2021
	----(Rupees in '000')----	
Trade debts	**2,090,805**	1,340,380
Long term deposits	**57,708**	57,708
Loan and advances	**219,150**	30,000
Short term deposits	**123,759**	46,381
Other receivables	**2,669,527**	2,213,459
Accrued mark-up	**30,328**	22,267
Bank balances	**105,129**	165,574
	5,296,406	3,875,769
Trade debts		
Customers with no defaults in the past one year	**2,090,805**	1,340,380
Bank balances		
A1+		164,548
A-1+	**97,143**	-
A-2	**18**	1,026
A-1	**748**	-
A-3	**7,000**	-
	104,909	165,574

39.1.5 Liquidity risk

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

Management monitors the forecasts of the Group'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 Group. The Group regularly monitors the credit exposure towards the customers and make allowance for ECLs against doubtful balances. In addition, the Group'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 Group plans to improve its liquidity position through enhancement and re-profiling of banking facilities, improved revenue generation and cost cutting measures.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	(Rupees in '000')					
Long term financing	-	-	-	485,783	211,014	696,797
Trade & other payables	-	7,218	1,615,781	-	-	1,622,999
Unclaimed dividend	4,394	-	-	-	-	4,394
Accrued mark-up	-	71,614	-	-	-	71,614
Current portion of long term finance	-	144,598	134,476	-	-	279,074
June 30, 2022	4,394	223,430	1,750,257	485,783	211,014	2,674,878

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	(Rupees in '000')					
Long term financing	-	-	-	641,223	-	641,223
Trade & other payables	-	1,697,002	-	-	-	1,697,002
Unclaimed dividend	4,394	-	-	-	-	4,394
Accrued mark-up	-	127,188	-	-	-	127,188
Current portion of long term finance	144,598	133,937	-	-	-	278,535
June 30, 2021	148,992	1,958,127	-	641,223	-	2,748,342

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 23.2 to the consolidated financial statements.

39.1.6 Fair value of financial instruments

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

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

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

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).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land which are stated at cost less impairment if any. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Group does not expect that unobservable inputs may have significant effect on fair values.

39.1.7 Capital management

The primary objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. The gearing ratios as at June 30, 2022 and June 30, 2021 are as follows:

	June 30, 2022	June 30, 2021
	----(Rupees in '000')----	
Total debts	766,585	1,214,204
Cash and cash equivalent	(105,129)	(165,764)
Debt	**661,456**	1,048,440
Issued, subscribed and paid-up capital	4,092,704	3,171,561
Total capital	**4,092,704**	3,171,561
Capital and debt	**4,754,160**	4,220,001
Gearing ratio	**13.9%**	24.8%

40. 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, 2022	June 30, 2021
	----(Rupees in '000')----	
Key management personnel and executives		
Remuneration and benefits	**251,837**	250,581
Non-executive directors		
Meeting fee	**850**	400

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

41. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2022	June 30, 2021
		(Rs. in '000')	
Size of the fund - total assets		**132,536**	121,992
Cost of the investment made		**78,795**	78,173
Fair value of investments	41.1	**73,326**	79,203
Percentage of investments made		**55.33%**	64.92%

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

		%		%
Bank balances/deposits	**66,704**	**90.97%**	72,324	91.31%
Mutual funds	**6,622**	**9.03%**	6,879	8.69%
	73,326		79,203	

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

42. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 578 (June 30, 2021: 587) and average number of employees during the year were 582 (June 30, 2021: 575).

43. 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 during the year.

44. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on October 7, 2022 has proposed a bonus dividend of 7.500% (2021: bonus dividend 5.000%) in respect of the year ended June 30, 2022. The consolidated financial statements for the year ended June 30, 2022 do not include the effect of these appropriations which will be accounted for in the year ending June 30, 2023.

45. AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 07-Oct-22 by the board of directors of the Holding company.

46. 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 30/06/2022

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
813	1	-	100	37,793
1,246	101	-	500	470,643
1,639	501	-	1000	1,298,918
4,504	1001	-	5000	11,447,854
1,540	5001	-	10000	11,438,001
722	10001	-	15000	8,877,107
398	15001	-	20000	7,125,383
272	20001	-	25000	6,179,761
191	25001	-	30000	5,275,064
105	30001	-	35000	3,439,999

82	35001	-	40000	3,133,285
80	40001	-	45000	3,420,001
90	45001	-	50000	4,392,977
58	50001	-	55000	3,048,182
31	55001	-	60000	1,812,180
36	60001	-	65000	2,265,085
22	65001	-	70000	1,501,851
22	70001	-	75000	1,618,375
24	75001	-	80000	1,877,950
18	80001	-	85000	1,498,073
19	85001	-	90000	1,686,745
11	90001	-	95000	1,028,900
53	95001	-	100000	5,272,463
33	100001	-	105000	3,428,135

7	105001	-	110000	761,345
11	110001	-	115000	1,240,036
10	115001	-	120000	1,182,864
6	120001	-	125000	738,710
7	125001	-	130000	899,484
4	130001	-	135000	532,425
6	135001	-	140000	831,750
1	140001	-	145000	141,000
10	145001	-	150000	1,494,088
3	150001	-	155000	462,875
13	155001	-	160000	2,053,528
2	160001	-	165000	327,600
6	170001	-	175000	1,034,250

3	175001	-	180000	538,000
3	180001	-	185000	552,971
5	185001	-	190000	943,750
3	190001	-	195000	580,000
13	195001	-	200000	2,596,500
6	200001	-	205000	1,225,250
7	205001	-	210000	1,470,000
6	210001	-	215000	1,278,368
3	215001	-	220000	651,700
3	220001	-	225000	675,000
1	225001	-	230000	230,000
1	230001	-	235000	230,500
3	235001	-	240000	715,000
1	240001	-	245000	242,300

5	245001	-	250000	1,248,000
4	250001	-	255000	1,004,750
4	255001	-	260000	1,031,504
2	260001	-	265000	525,521
1	275001	-	280000	278,000
1	280001	-	285000	285,000
1	285001	-	290000	286,156
4	295001	-	300000	1,200,000
1	300001	-	305000	304,500
1	305001	-	310000	310,000
2	310001	-	315000	630,000
3	315001	-	320000	957,500
1	330001	-	335000	333,375

1	335001	-	340000	336,500
1	340001	-	345000	343,667
6	345001	-	350000	2,090,850
1	350001	-	355000	351,750
1	360001	-	365000	363,036
4	365001	-	370000	1,471,550
1	380001	-	385000	381,000
4	395001	-	400000	1,599,500
1	400001	-	405000	400,500
1	415001	-	420000	418,951
1	420001	-	425000	421,680
2	425001	-	430000	857,000
1	435001	-	440000	440,000
1	440001	-	445000	442,500

1	445001	-	450000	445,501
1	455001	-	460000	460,000
1	475001	-	480000	475,823
5	495001	-	500000	2,500,000
1	505001	-	510000	505,503
1	510001	-	515000	510,160
1	515001	-	520000	515,435
1	520001	-	525000	525,000
1	575001	-	580000	577,500
1	600001	-	605000	605,000
1	635001	-	640000	640,000
1	665001	-	670000	666,093
2	695001	-	700000	1,400,000

1	705001	-	710000	710,000
1	735001	-	740000	738,500
1	740001	-	745000	744,000
1	760001	-	765000	763,617
1	810001	-	815000	813,000
1	845001	-	850000	850,000
1	860001	-	865000	861,000
1	875001	-	880000	880,000
1	895001	-	900000	899,250
1	900001	-	905000	900,250
1	960001	-	965000	960,750
2	995001	-	1000000	2,000,000
1	1025001	-	1030000	1,030,000
1	1050001	-	1055000	1,054,200

1	1070001	-	1075000	1,070,050
1	1125001	-	1130000	1,127,324
1	1190001	-	1195000	1,193,000
1	1260001	-	1265000	1,260,250
1	1270001	-	1275000	1,270,500
1	1295001	-	1300000	1,300,000
1	1310001	-	1315000	1,312,500
1	1445001	-	1450000	1,447,500
1	1455001	-	1460000	1,457,005
1	1565001	-	1570000	1,569,831
1	2540001	-	2545000	2,541,900
1	2620001	-	2625000	2,625,000
1	2640001	-	2645000	2,643,500

1	2815001	-	2820000	2,820,000
1	3995001	-	4000000	4,000,000
1	4085001	-	4090000	4,089,600
1	4595001	-	4600000	4,600,000
1	6480001	-	6485000	6,485,000
1	7255001	-	7260000	7,260,000
1	7315001	-	7320000	7,320,000
1	42095001	-	42100000	42,096,899
1	58960001	-	58965000	58,962,750
12,264				**315,000,000**

Telecard Limited Catagories of Shareholders

As at June 30, 2022

Name	NO OF SHARES	NOS	%
INDIVIDUALS	**167,925,929**	**12147**	**53**
JOINT STOCK COMPANIES	139,332,719	91	44.23
BANKS, DFI'S, INSURANCE COMPANIES	301,139	5	0.10
MODARBAS AND MUTUAL FUND & OTHERS	7,424,668	13	2.36
	147,058,526	**109**	**46.69**
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	420	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,575	1	0.00
LEHMAN BROTHERS SECURITIES	3,570	1	0.00
STATE STREET BANK & TRUST CO U.S.A	7,980	1	0.00
	13,545	**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	**315,000,000**	**12,264**	**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 Friday 28 October, 2022 at 1100 at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this __________ day of ______________, 2022.

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.

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