TELECARD LIMITED

Annual Report 2019

Telecard Limited

Our Vision

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

Our Mission

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

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

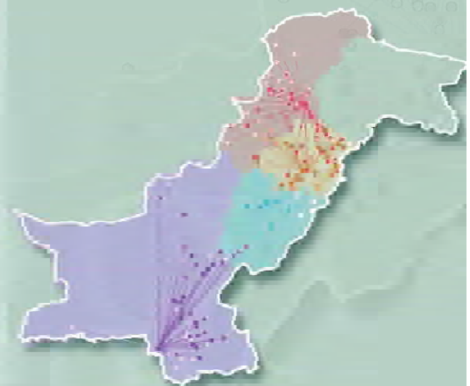
Valuing our employees and providing satisfying, challenging, and rewarding work environment.

Maintaining mutually beneficial relations with our business partners.

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

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

Our Strategy



To provide best in class service
and support to our customers

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

Company Information

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

Notice of Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of the shareholders of the Company will be held on 28 October 2019 at 1900 hours, at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad to transact the following business.

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 26 October 2018.

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 2019, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended 30 June 2019.

3. To appoint external auditors of the Company for the year ended 30 June 2020 and fix their remuneration present Auditors M/s Parker Randall-A.J.S., Chartered Accountants are retiring and being eligible offer themselves for reappointment.

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

By order of the Board

Waseem Ahmad
Company Secretary

Notes 09 October 2019

1. The Members Register will remain closed from the 22 October 2019 to 28 October 2019 (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 2019 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

Directors' Report

The Board of Directors of Telecard Limited are pleased to present the Annual Report, Audited Financial Statements and review of your Company's performance for the year ended 30 June, 2019.

Review of Current Operations

The revenue for the year ended 30 June 2019 was Rs. 1.091 billion as against the revenue of Rs. 878 million for the corresponding financial year. The overall increase in revenue is attributable to the improvement in other revenue streams and the Long Distance International (LDI) segment, with improved rates coupled with increase in exchange rates. The Company posted a Gross Profit of Rs. 440 million as compared to a Gross Profit of Rs. 319 million in 2018. Direct cost of your Company was 17% higher when compared with similar preceding financial year due to the foregoing reasons.

The administrative and distribution cost was much lower when compared with the corresponding financial year mainly due to provisions and write off on account of other receivables made during last year. Finance cost for the year under review was 39% higher when compared with the preceding financial year due to prevalent discount rate. The Company has posted a loss before taxation for Rs. (14) million against a loss before taxation of Rs. (94) million during the corresponding financial year. The loss per share stood at Rs. (0.20) compared to a loss of Rs. (0.43) last time.

On a consolidated basis the total revenue was Rs. 4.223 billion compared to Rs. 3.379 billion in the preceding financial year resulting in a Gross Profit of Rs. 1 billion as opposed to a Gross Profit of Rs. 986 million last year. The Operating Profit stood at Rs. 369 million compared to an Operating Profit of Rs. 252 million in the comparative time frame, consequently, a Net Loss of Rs. (23) million was reported against a Net Loss of Rs. (42) million last year.

Corporate Strategy and Future Outlook

Within the last few years, owing to intense competition in the telecom industry, your Company has made inroads in the Enterprise Solutions Market Segment (ES). The Company is pleased to report that it has made 10% growth on a year-on-year basis in this segment, which is mainly attributable to inclusion of new corporate customers and more products lines to cater to various niches in the Enterprise Market Segment. This will remain the focus of the Company in the next 12-24 months.

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

Subsidiary Companies

Supernet Limited's performance graph showed an upward trend during 2019. It posted Total Revenue of Rs. 2.865 billion as compared to Rs. 2.451 billion in 2018. Net Profit after taxation stood at Rs. 41 million for the year, in comparison with preceding year's profit of Rs. 80 million. The decrease in net profit is attributable to the increase in taxation.

During the year, Supernet E Solutions (Pvt.) Limited posted revenue of Rs. 272 million and Gross profit of Rs. 55 million as compared to Rs. 62 million Revenue and Gross Profit Rs. 38 million in the preceding financial year. The subsidiaries of the Company, Telegateway Limited, Nexus Communication (Pvt.) Limited, Globetech Communication (Pvt.) Limited, Glitz Communication (Pvt.) Limited are in the process of being wound-up and no commercial activities were undertaken for the year under review. During the year Supernet Secure Solutions (Pvt.) Ltd. & Phoenix Global FZC were incorporated. The Supernet Secure Solutions principal line of business is to buy, sell, export and import of software, hardware and to run data processing centers. Phoenix Global FZC is a trading company incorporated with the Hamriyah Free Zone Authority Sharjah.

Non-Executive Director Remuneration Policy

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

Listed Companies (Code of Corporate Governance) Regulations, 2017

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

Risk Management

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

Impact of Business on Environment

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

Corporate and Social Responsibility

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

Transfer Pricing

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

Directors Declaration on Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

vii. The values of investments in employee retirement funds based on the unaudited accounts as of June 30, 2019 is Rs. 88 million of Staff Provident Fund, in which Telecard Limited holds 45%.

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

Other Information

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

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

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

Name of Directors	No. of meetings attended
Sultan ul Arfeen	2
Shams ul Arfeen	3
Syed Aamir Hussain	4
Hissan ul Arfeen	3
Tipu Saeed Khan	3
Waseem Ahmad	4
Syed Hashim Ali	4

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

Name of Directors	No. of meetings attended
Hissan ul Arfeen	3
Sultan ul Arfeen	2
Shams ul Arfeen	3

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, 2019 are annexed.

Auditors

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

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Dividends

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

Pattern of Shareholding

The pattern of shareholding as on 30 June 2019 is annexed to this report.

Staff

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

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

Chairman's Review Report

Financial Performance

I am pleased to report the performance of Telecard Limited and its subsidiaries (the group) for the financial year ended 30 June 2019. The times are competitive and the Company operates amidst intense competition within the Telécom Industry. The revenue posted for the year ended 30 June, 2019 was Rs. 1.091 billion as compared to Rs. 878 million for the preceding financial year. The increase in other revenue streams along with the improvement of rates in the Long Distance International (LDI) segment, coupled with dollar parity appreciation is attributable to the enhanced revenue. On a consolidated basis the Company continues to grow and posted revenue of Rs. 4.223 billion as compared to 3.379 billion in the preceding financial year, the operating profit was reported at Rs. 369 million, as compared to Rs. 252 million for the corresponding time frame.

Composition of the Board

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

Board Committees

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

Financial Reporting

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

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.

Shams-ul-Arfeen
Chairman

08 October 2019

	June 2019 Rupees in '000'	June 2018 Rupees in '000'	June 2017 Rupees in '000'	June 2016 Rupees in '000'	June 2015 Rupees in '000'	June 2014 Rupees in '000'
REVENUE- Net	1,091,181	877,852	986,873	1,004,902	1,055,999	1,609,679
Direct Cost	(651,623)	(558,354)	(764,864)	(855,093)	(778,823)	(951,434)
Gross Profit	**439,558**	**319,498**	**222,009**	**149,809**	**277,176**	**658,245**
Distribution costs & administrative expenses	(273,440)	(858,010)	(248,291)	(352,195)	(272,885)	(396,294)
Other operating expenses	(265,235)	-	-	(14,719)	(14,508)	(2,678)
Provision for impairment in the value of investment & for other receivables	-	-	-	-	-	(516,942)
Other operating income	163,911	501,094	17,058	409,147	148,103	546,831
Liabilities no longer payable written back	-	-	-	-	-	-
	(374,764)	(356,916)	(231,233)	42,233	(139,290)	(369,083)
Operating (loss) / Profit	**64,794**	**(37,418)**	**(9,224)**	**192,042**	**137,886**	**289,162**
Financial costs	(79,039)	(56,801)	(61,420)	(50,321)	(161,353)	(200,996)
(Loss) / Profit before taxation	**(14,245)**	**(94,219)**	**(70,644)**	**141,721**	**(23,467)**	**88,166**
Taxation	(46,224)	(34,468)	(20,359)	(91,615)	(15,198)	(18,797)
(Loss) / Profit after taxation	**(60,469)**	**(128,687)**	**(91,003)**	**50,106**	**(38,665)**	**69,369**
Other comprehensive income/(loss)		(1,965)				
Adjustment on initial application of IFRS 9	(21,578)					
Accumulated (Loss)/Profit b/f	(761,293)	(630,641)	(539,638)	(589,744)	(551,079)	(620,448)
	(843,340)	**(761,293)**	**(630,641)**	**(539,638)**	**(589,744)**	**(551,079)**
(Loss) / Earning per share (Rupees)	**(0.20)**	**(0.43)**	**(0.30)**	**0.17**	**(0.13)**	**0.23**

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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

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

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

    a) Male: 07
    b) Female: None

2. The Composition of Board is as follows:

Category	Names
*Independent Director	None
Non-Executive Director	Mr. Shams ul Arfeen
	Mr. Hissan ul Arfeen
	Mr. Tipu Saeed Khan
	Syed Mohammad Pervez Sadiq
**Executive Directors	Syed Aamir Hussain
	Mr. Waseem Ahmad
	Syed Hashim Ali

*The Company currently does not have an Independent Director on its Board, however, efforts are underway to address this shortcoming.

**The number of Executive Directors on the Board exceeds the limit prescribed by the Regulations, However, the induction of Independent Directors shall address this non compliance

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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 along with the dates on which they were approved or amended has been maintained.

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 board.

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

TELECARD LIMITED

9. This year no Directors Training Program was attended by any Director.

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

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

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

Audit Committee	Mr. Hissan ul Arfeen Chairman
	Mr. Tipu Saeed Khan
	Mr. Shams ul Arfeen

Human Resource & Remuneration Committee	Mr. Hissan ul Arfeen Chairman
	Mr. Shams ul Arfeen
	Syed Aamir Hussain

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

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

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

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

16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18 The Company has complied with the requirements relating to maintenance of register of persons having access to insider information by designated senior management officer in a timely manner and maintaining proper record including basis for inclusion or exclusion of persons from the said list.

TELECARD LIMITED

19 We confirm that all other requirements of the Regulations have been complied with.

Syed Aamir Hussain
Chief Executive Officer

Date: 08 October, 2019

Parker Randall International

Parker Randall-A.J.S.

CHARTERED ACCOUNTANTS

F-4/2, Mustafa Avenue,
Behind The Forum Block 9,
Clifton, Karachi - Pakistan.
Tel: +92-21-35877806-10
E-mail: khi@parkerrandallajs.pk
URL: www.parkerrandallajs.pk
URL: www.parkerrandall.com
Offices also at Faisalabad, Lahore, Islamabad & UK

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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Telecard Limited** for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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, 2019.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

- Paragraph 1, no female director was appointed by the Company during the year on the occurrence of a casual vacancy on the board.

- Paragraph 2, no independent director exists in the Company.

- Paragraph 2, the number of executive directors on the board exceeded the limit prescribed by the Regulations.

Parker Randall AJS
Chartered Accountants
Place: Karachi
Date: 09 OCT 2019

Parker Randall International

Parker Randall-A.J.S.
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Offices also at Faisalabad, Lahore, Islamabad & UK

Independent Auditor's Report

To the members of Telecard Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Telecard Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

PRAJS

Emphasis of Matter

We further draw attention to the contents of:

i. note 14.2 (a) to the accompanying unconsolidated financial statements in respect of the lawsuit filed by the Company during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made for the remaining sum of Rs. 325.771 million in the accompanying unconsolidated financial statements.

ii. note 14.2 (b) to the accompanying financial statements with regard to a lawsuit filed by the PTCL against the Company during the year ended June 30, 2002. Pending a final decision. the Company has not made any provision in the accompanying unconsolidated financial statements for the amount claimed by the PTCL;

iii. note 14.3 to the accompanying unconsolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,334.184 million in the accompanying unconsolidated financial statements; and

iv. notes 25.1 to 25.11 to the accompanying unconsolidated financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence. pending the resolution thereof, no provision has been made in the accompanying unconsolidated financial statements for any liability that may arise there from;

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

Key Audit Matters

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

PRAJS

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit

1. First time adoption of IFRS 9 – Financial Instruments

The Company has adopted IFRS 9 with effect from July 01, 2018 as referred to in note 3.1 to the unconsolidated financial statements. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Losses (ECLs) Model. The Company has adopted 'Simplified Approach' for measurement of ECLs on trade debts. For determination of the aforementioned provision under the new requirements, significant judgements including determination of historic loss rates are required. Further, adjustments to loss rates are required for forward looking macro-economic factors. Due to change in impairment methodology and significance of judgement involved, we consider the first time adoption of IFRS 9 as a key audit matter.	Our audit procedures includes, but are not limited to the followings: • Review of revised impairment methodology applied by the Company for estimation of ECLs in relation to trade debts. • Evaluation of the historic data and assumptions used by the management for determination of historic loss rates including adjustments made for forward looking information. • Review and assessment of disclosures made in the unconsolidated financial statements regarding first time adoption ana application of IFRS 9. We further reviewed the application of revised impairment methodology by the Company as at July 01, 2018 and recognition of adjustment using modified retrospective approach.

2. Provisions and contingencies

There are a number of threatened and actual legal, regulatory and tax cases against the Company. The contingencies requires management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management	Our key audit procedures includes: • Testing key controls surrounding litigation, regulatory and tax procedures & assessing management's procedures in respect of accounting for changes in case status, if any, in unconsolidated financial statements. • Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status and involving internal tax experts to assess and validated management's conclusion.

PRAAS

Key Audit Matters	How the matter was addressed in our audit
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.	• We further reviewed subsequent Company's correspondence and evaluated completeness, sufficiency and adequacy of related disclosures as refer to in notes 14.2 to 14.7, 21.2.1, 22.1 & 25.1 to 25.11 to the accompanying unconsolidated financial statements.

3. Revenue recognition

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

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

The management is responsible for the other information.

The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

PRAYS

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

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

We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

PRAYS

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore 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.

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Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Parker Randall AJS

Chartered Accountants

Date: 09 OCT 2019 PRAJS

Karachi.

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		---- (Rupees in '000') ----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**505,300**	556,648
Intangible assets	6	**9,903**	11,857
		515,203	568,505
Long-term investments	7	**340,537**	340,537
Long-term deposits	8	**53,912**	54,296
Deferred taxation	9	**302,762**	302,762
		1,212,414	1,266,100
CURRENT ASSETS			
Trade debts	10	**316,077**	650,373
Loans and advances	11	**45,083**	42,873
Deposits and prepayments	12	**28,209**	21,248
Accrued mark-up / profit	13	**24,793**	23,234
Other receivables	14	**2,686,836**	2,581,906
Taxation – net	15	**132,067**	132,960
Bank balances	16	**22,503**	16,228
		3,255,568	3,468,822
TOTAL ASSETS		**4,467,982**	4,734,922

The annexed notes from 1 to 42 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		---- (Rupees in '000') ----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorised			
400,000,000 (2018: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	4,000,000
Capital reserves			
Issued, subscribed and paid-up capital	17	**3,000,000**	3,000,000
Accumulated loss		**(843,340)**	(761,293)
		2,156,660	2,238,707
NON-CURRENT LIABILITIES			
Term-finance certificates	18	**165,649**	441,719
Contractual liability to a contractor	19	**337,900**	344,080
Long-term deposits	20	**-**	34,874
Deferred liabilities	21	**5,147**	5,121
		508,696	825,794
CURRENT LIABILITIES			
Trade and other payables	22	**931,331**	1,133,208
Unclaimed dividend		**4,394**	4,394
Accrued interest / mark-up	23	**150,746**	92,734
Short-term financing	24	**716,155**	440,085
		1,802,626	1,670,421
Contingencies & commitments	25		
TOTAL EQUITY AND LIABILITIES		**4,467,982**	4,734,922

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		---- (Rupees in '000') ----	
Revenue - net	26	**1,091,181**	877,852
Direct costs	27	**(651,623)**	(558,354)
Gross profit		**439,558**	319,498
Administrative expenses & distribution costs	28	**(273,440)**	(858,010)
Other expense	29	**(265,235)**	-
Other income	30	**163,911**	501,094
		(374,764)	(356,916)
Operating profit/(loss)		**64,794**	(37,418)
Finance costs	31	**(79,039)**	(56,801)
Profit/(loss) before taxation		**(14,245)**	(94,219)
Taxation	32	**(46,224)**	(34,468)
Net loss for the year		**(60,469)**	(128,687)
Loss per share - basic & diluted (Rupees)	33	**(0.20)**	(0.43)

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	---- (Rupees in '000') ----	
Net loss for the year	**(60,469)**	(128,687)
Items that will not be classified to profit or loss		
Remeasurements in defined benefit plan	-	(1,965)
Total comprehensive loss	**(60,469)**	(130,652)

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	74,499	67,589
Income tax paid		(45,331)	(37,018)
Finance costs paid		(17,363)	(12,742)
Retirement benefits paid		(416)	(100)
Liability for long-term deposits		-	(3)
Long-term deposits		384	(500)
Net cash generated from operating activities		11,773	17,226
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(7,195)	(6,887)
Proceeds from disposal of long-term investment		100	
Proceeds from disposal of property, plant and equipment		1,597	-
Net cash used in investing activities		(5,498)	(6,887)
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net increase in cash and cash equivalents		6,275	10,339
Cash and cash equivalents at the beginning of the year		16,228	5,889
Cash and cash equivalents at the end of the year	16	22,503	16,228

The annexed notes from 1 to 42 form an integral part of these financial statements.

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

TELECARD LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	---- (Rupees in '000') ----		
Balance as at June 30, 2017	**3,000,000**	**(630,641)**	**2,369,359**
Net loss for the year	-	(128,687)	(128,687)
Other comprehensive loss	-	(1,965)	(1,965)
Total comprehensive loss		(130,652)	(130,652)
Balance as at June 30, 2018 ***(As originally stated)***	**3,000,000**	**(761,293)**	**2,238,707**
Adjustment on initial application of IFRS 9 for expected credit losses as at July 01, 2018 (Note 3.1.2)	-	**(21,578)**	**(21,578)**
Adjusted balance as at July 01, 2018	**3,000,000**	**(782,871)**	**2,217,129**
Net loss for the year	-	(60,469)	(60,469)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	**(60,469)**	**(60,469)**
Balance as at June 30, 2019	**3,000,000**	**(843,340)**	**2,156,660**

The annexed notes from 1 to 42 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

1. THE COMPANY AND ITS OPERATIONS

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These financial statements are the separate financial statements of the Company in which investment in subsidiaries are reported on the basis of cost less impairment losses (if any).

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

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2.4 Standards, interpretations and amendments to approved accounting standards

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

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

Standards/ amendments/ interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16	Leases	January 01, 2019
IAS 1/IAS 8	Definition of Material (Amendments)	January 01, 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The Company expects that the above amendment will not have any significant impact on the Company's unconsolidated financial statements except for application of IFRS 16 - 'Leases'. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

To help preparers of financial statements to develop consistency in accounting policies and to assist parties to understand and interpret standards, the IASB has issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018, which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements.

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

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Standards

IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

2.4.2 Standards, amendments and interpretations adopted during the year

The Company has adopted the following standards and amendments to published accounting standards which became effective during the year and have been adopted by the Company.

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statement expect of adoption of IFRS 9 and IFRS 15. The detailed impact of the these standards are set forth in note 3 to the financial statements.

2.5 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 5 & 6
Provision for doubtful debts and other receivables	4.8
Recognition of tax and deferred tax	4.5, 9, 15 & 32
Contractual liability to a contractor	19
Other provisions and contingent liabilities	4.19 & 25
Provision for employees benefits	4.12 & 21.1

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS-9 'Financial Instruments' and IFRS 15 'Revenue from contracts with Customers' to the Company's unconsolidated financial statements.

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3.1 IFRS-9 'Financial Instruments' :

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after June 30, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 299(I)/2019 dated February 04, 2019 which has been fully adopted by the Company.

The said standard replaces the provision of original IAS – 39 'Financial Instruments – Measurement and Recognition' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial liabilities, impairment of financial assets and hedge accounting.

The Company has adopted and applied IFRS-9 'Financial Instruments' from the date of initial application which has resulted in a change in accounting policy in respect of recognition, classification and measurement criteria of its financial assets and financial liabilities including new impairment requirements based on "Expected Credit Losses (ECLs)" model (refer note 3.1.2).

3.1.1 Classification and measurement

On July 01, 2018 (the date of initial application of IFRS-9 'Financial Instrument), the management of the Company assessed the business model applicability to the Company's financial instruments and has, accordingly, classified its financial instruments into appropriate categorisation under IFRS 9. Result of reclassifications are as follows:

	As at July 01, 2018				
	Measurement cateogry		Carrying amount		
Non-current assets	**IAS 39**	**IFRS 9**	**Previous**	**New**	**Difference**
Equity instruments	ASF	FVTOCI	-	-	-
Long-term deposits	Loan and receivables	Amortised cost	54,296	54,296	-
Current assets					-
Trade debts *	Loan and receivables	Amortised cost	650,373	628,795	21,578
Loan and advances	Loan and receivables	Amortised cost	30,000	30,000	-
Accrued mark-up / profit	Loan and receivables	Amortised cost	23,234	23,234	-
Other receivables	Loan and receivables	Amortised cost	2,576,876	2,576,876	-
Bank balances	Loan and receivables	Amortised cost	16,228	16,228	-
Non-current liabilities					-
Term finance certificates	Amortised cost	Amortised cost	441,719	441,719	-
Long-term deposits	Amortised cost	Amortised cost	34,874	34,874	-
Current liabilities					
Trade payables	Amortised cost	Amortised cost	1,128,335	1,128,335	-
Accrued interest / mark-up	Amortised cost	Amortised cost	92,734	92,734	-
Short-term financing	Amortised cost	Amortised cost	440,085	440,085	-

* As a result of applying new expected credit losses model.

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Equity instrument previously classified as available for sales investment

The Company elected to present its available for sales investment as financial asset at Fair Value through Other Comprehensive Income (FVOCI) with change in fair value recognised in 'Other Comprehensive Income'. As a result, available for sales investment is classified as financial asset at FVOCI as this is long-term strategic investment and are not expected to be sold in the short and medium term. The said invesment is fully impaired and no reclassification of reserves are required as a result of above classification (Refer note 7).

3.1.2 Impairment of financial assets:

The Company revised its impairment methodology under IFRS 9 'Financial Instruments' for each class of its financial asset. The Company's trade debts are subject to the provision of new "Expected Credit Losess" (ECLs) model. The Company applied simplified approach under IFRS 9 to measure expected credit losses, whereby lifetime expected loss allowance are recognised for all trade receivables .

The Company has applied modified retrospective approach for the purpose of recognition of loss allowance on its trade receivables. The result of application of the new model has resulted in loss allowance amounting to Rs. 21.578 million as an adjustment to the retained earnings as at July 01, 2018.

	For the year ended July 01, 2018		
	As restated under IFRS 9	As previously reported under IAS 39	Increase / (Decrease)
Trade debts	628,795	650,373	(21,578)
Accumulated loss	(782,871)	(761,293)	21,578

3.2 IFRS 15 'Revenue from Contracts with Customers':

The said standard became applicable for annual period beginning on or after July 01, 2018 as notified by SCEP through SRO 1007(I)/2017 dated October 04, 2017 and has been fully adopted by the Company during the year. IFRS 15 replace the provisions of IAS 15 'Revenue', IAS 11 'Construction Contracts' and related interpretations.

The Company has adopted a modified retrospective approach for transition which require an entity to recognise cumulative effect of initially applying IFRS-15 as an adjustment to opening balance of equity as at the beginning of the reporting period i.e. in the period of the initial application and the comparative figures would not be restated.

IFRS 15 introduced a single five step framework for revenue recognition which will depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be exchanged for those goods or services. The five step framework is as follows:

- Identify the contract with customer.
- Identify the performance obligations.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognised revenue when (or as) the entity satisfies a performance obligation.

As a result, the Company has adopted the principles of IFRS 15 and has taken a detailed assessment of its performance obligations associated with its revenue streams and is of the view that the application of the IFRS 15 does not have a material impact on the current or prior periods amounts recognised in these unconsolidated financial statements or accounting policies applied for recognition of revenue. Therefore, no adjustments to the amounts recognised in the unconsolidated financial statements are required to be made in this respect.

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Further, the Company has also considered accounting treatment for initial cost incurred to fulfil a contract which may qualify for recognition as an asset (contract asset) and may amortise on a straight line basis over the specific terms of the contract consistent with revenue recognition pattern. The management is of the view that application of IFRS 15 does not have any impact on its accounting treatment and no adjustments to the financial statements are required in this respect.

Application of IFRS 15 has resulted in change in terminologies without any impact on reported current or prior period amount. Change in terminologies are as follows:

LIABILITIES	IFRS 15	Previous	Increase / (Decrease)
Non-current liability			
Contractual liability to a contractor	344,080	-	344,080
Advance from a contractor	-	344,080	(344,080)
Trade and other payables			
Contract liability to customers	4,152	-	4,152
Advances from customers	-	4,152	(4,152)

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 for which financial information is presented in these 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.

4.1.2 Intangible assets and amortisation

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

4.2 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.

4.3 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.

4.4 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.

4.5 Taxation

Current

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

Deferred

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

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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.

4.6 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.

4.7 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.

4.8 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.

4.9 Financial instruments (New accounting policies under IFRS 9 effective for period beginning on July 01, 2018).

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.

4.9.1 Initial measurement of financial assets

The Company classified its financial assets into the following categories:

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Except for trade receivables which are measured at the transaction price determined under IFRS 15.

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

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

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

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

4.9.2 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.

4.9.3 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.

4.9.4 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.

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4.9.5 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.

4.9.6 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 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.

PRASS

4.12 Employees' retirement benefits

Defined benefit plan

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

Defined contribution plan

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

4.13 Operating lease

Rentals payable under operating lease, if any, are charged to unconsolidated statement of profit or loss on a straight-line basis over the term of relevant lease. Minimum lease payments receivable, if any, under operating leases are recognised as revenue on a straight-line basis over the term of the lease.

4.14 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.

4.15 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.

4.16 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. On evaluation of the performance obligations associated with the stream of revenues of the Company, adoption of IFRS 15 does not trigger a change in the Company's accounting policies with respect to its revenue recognition which are enumerated below.

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

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 and other appropriation of reserves

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

4.19 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 Business combination

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

4.21 Related party transactions

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

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Following are the related parties of the Company:

Names of related party	Basis of relationship	(%) of shareholding
Supernet Limited	Fully owned subsidiary	100%
Supernet E-Solutions (Private) Limited	Subsidiary company *(Indirect)*	100%
Supernet Secure Solutions	Subsidiary company *(Indirect)*	80%
Phoenix Global ZSE	Subsidiary company *(Indirect)*	100%
Telegateway Limited	Fully owned subsidiary	100%
Nexus Communication (Private) Limited	Fully owned subsidiary	100%
Glitz Communication (Private) Limited	Fully owned subsidiary	100%
Globetech Communication (Private) Limited	Fully owned subsidiary	100%
Arfeen International (Private) Limited	By the virtue of common directorship	-
Envicrete Limited	By the virtue of common directorship	-
Grand Leisure Corporation Limited	By the virtue of common directorship	-
IIL (Private) Limited	By the virtue of common directorship	-
Chaman Investment (Private) Limited	By the virtue of common directorship	-
World Trade Center (Private) Limited	By the virtue of common directorship	-
Total Telecom Limited	By the virtue of common directorship	-
Port Grand Limited	By the virtue of common directorship	-
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	-

4.22 Earning per share

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

5. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
Operating fixed assets - owned	5.1	505,300	556,648

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2018	Additions	Deletions	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals during the year	As at June 30, 2019	as at June 30, 2019	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land	5.1.1	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	530	31	-	561	64	5%
Apparatus, plant & equipment	5.1.2	6,180,870	4,200	-	6,185,070	5,638,258	56,953	-	5,695,211	489,859	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & equipment		47,487	2,289	-	49,776	45,472	496	-	45,968	3,808	10%
Computers & accessories		70,022	706	(68)	70,660	69,428	434	(13)	69,849	811	33%
Vehicles		29,380	-	(3,205)	26,175	21,068	574	(3,205)	18,437	7,738	20%
June 30, 2019		**6,362,279**	**7,195**	**(3,273)**	**6,366,201**	**5,805,631**	**58,488**	**(3,218)**	**5,860,901**	**505,300**	

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

	Note	Cost			Accumulated depreciation			W.D.V.	
		As at July 01, 2017	Additions/ transfers*	As at June 30, 2018	As at July 01, 2017	Charge for the year	As at June 30, 2018	as at June 30, 2018	Depreciation rate per annum
		(Rs. in '000')							
Owned									
Freehold land		3,020	-	3,020	-	-	-	3,020	-
Building on freehold land		625	-	625	499	31	530	95	5%
Apparatus, plant & equipment		6,161,229	19,641 *	6,180,870	5,576,380	61,878	5,638,258	542,612	5-33%
Sign boards		30,875	-	30,875	30,875	-	30,875	-	25%
Furniture, fixtures & equipment		47,407	80	47,487	44,794	678	45,472	2,015	10%
Computers & accessories		69,346	676	70,022	69,089	339	69,428	594	33%
Vehicles		29,380	-	29,380	20,015	1,053	21,068	8,312	20%
June 30, 2018		**6,341,882**	**20,397**	**6,362,279**	**5,741,652**	**63,979**	**5,805,631**	**556,648**	

* This includes transfer from capital work-in-progress amounting to Rs. nil (2018: Rs. 14.282) million.

5.1.1 Freehold land and building on freehold land is situated at Regional Engineering Office, near gatwala bridge, Sheikhupura Road, Faisalabad measuring 5 canal 18 marla which are duly registered in the name of the 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, 2019 is Rs. 5,499.396 (2018: Rs. 5,301.916) million

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
5.1.3 Depreciation for the year has been allocated as follows:			
Direct costs	27	**56,869**	61,794
Administrative expenses & distribution costs	28	**1,619**	2,185
		58,488	63,979

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6. INTANGIBLE ASSETS

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

	Note	Cost			Amortisation			W.D.V.	
		As at July 01, 2017	Addition/ (Disposal)	As at June 30, 2018	As at July 01, 2017	For the year	As at June 30, 2018	as at June 30, 2018	Period (years)
		(Rs. in '000')							
WLL licenses	6.1	3,345,096	(3,336,976)	8,120	2,085,324	406 (2,080,046)	5,684	2,436	16-20
LDI license	6.2	29,029	-	29,029	18,060	1,548	19,608	9,421	18-20
June 30, 2018		3,374,125	-	37,149	2,103,384	1,954	25,292	11,857	

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

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

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In light of the above during the last year, the management decided to reduce its receivable by Rs. 207.106 million to Rs. 1,778.964 million in order to bring it in line with its contention in the appeals pending before the Sindh High Court. It is also pertinent to point out that these claims relate to the period ending September 2012, and the APC Regime has been subsequently terminated by the MOIT and PTA.

14.4 This amount represent payments made to PTA, pursuant to the court order on account of Late Payment Additional Fees (LPAF) relating to Annual Regulatory Dues (ARD), Annual Radio Frequency Spectrum Fee (ARFSF), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions in the sum of Rs 101.876 million.

However, the Company has challenged the court order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management is confident that the same is on plausible grounds. Nevertheless, the Company has charged-off partial amount (Rs 45.55m out of Rs. 101.876m), during the current year, as a matter of prudence.

This also includes refund received from PTA on account of over payment against USF and R&D which shall be adjusted against future payments, and charges on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2018 paid under protest, pending settlement from PTA as mentioned in note 21.2.1.

14.5 This represents amount due from a bank in respect of the PTCL bills paid by the Company to the bank but not passed over to the PTCL. The Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2018: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (2018: Rs. 8.250) million, against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

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

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

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

PC051

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
7. LONG-TERM INVESTMENTS			
Investments in wholly owned subsidiary companies:			
Unquoted – at cost			
Supernet Limited 50,000,000* (2018: 38,771,690) ordinary shares of Rs. 10/- each [breakup value: Rs.17.39 (2018: Rs. 22.22) per share)], based on the audited financial statements of the company for the year ended June 30, 2019.		**340,537**	340,537
Supernet E-solutions (Pvt) Limited 10,000 (2018: 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs.Nil (2018: Rs. Nil)], based on the audited financial statements of the company for the year ended June 30, 2019.		-	100
Telegateway Limited 50,000 (2018: 50,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2018: Nil)], based on the audited financial statements of the company for the year ended June 30, 2019.		**500**	500
Nexus Communication (Pvt) Limited 10,000 (2018: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs.Nil (2018: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2019.		**100**	100
Glitz Communication (Pvt) Limited 10,000 (2018: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs.Nil (2018: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2019.		**100**	100
Globetech Communication (Pvt) Limited 10,000 (2018: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2018: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2019.		**100**	100
		800	900
Loss allowance for ECL		**(800)**	(900)
		-	-
At fair value through other comprehensive income (FVOCI)			
Augere Holding Class A preference ordinary shares each having breakup value Rs. Nil [2018: Rs. Nil], based on the unaudited financial statements of the company for the year ended December 31, 2015.	7.1	**480,630**	480,630
Loss allowance for ECL	7.2	**(480,630)**	(480,630)
		-	-
		340,537	340,537

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

PRAS

7.1 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

7.2 For the purpose of impairment testing, the carrying amount of investment has been compared with the estimated recoverable amount, determined on the basis of fair value, as the investee company has negative equity and the Company does not expect any cash flows from the investment in the foreseeable future. Accordingly, the fair value is estimated as Nil (2018: Nil) and the entire carrying amount of investment has been impaired.

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
8. LONG TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		**44,315**	44,315
Rented premises		**3,017**	3,018
Guarantee margin		**5,500**	5,000
Others		**1,080**	1,963
		53,912	54,296
9. DEFERRED TAXATION			
Deferred tax credits arising on			
Accelerated tax depreciation		**(24,192)**	(18,904)
Amortisation of intangible assets		**(2,872)**	(3,439)
		(27,064)	(22,343)
Deferred tax debits arising from			
Retirement benefits		**1,493**	1,485
Short-term provisions		**319,787**	313,218
Tax losses brought forward		**40,199**	48,789
		361,479	363,492
		334,415	341,148
Deferred tax not recognised	9.1	**(31,653)**	(38,386)
		302,762	302,762

9.1 Being prudent and based on future projections, the Company has not recognised deferred tax asset amounting to Rs. 31.653 million (2018: 38.386 million).

PRAD

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
10. TRADE DEBTS			
Unsecured - considered good			
Related parties	10.1	**137,229**	402,384
Others		**203,000**	247,989
		340,229	650,373
Considered doubtful			
Loss allowance for debts considered doubtful	10.2	**(24,152)**	-
		316,077	650,373

10.1 This includes amount of Rs. 135.372 (2018: 400.607) million receivable from Supernet Limited against interoperator infrastructure services.

The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ----	
Supernet Limited	**400,607**	400,607
Envicrete Limited	**394**	363
Arfeen International (Private) Limited	**1,230**	1,244
World Trade Center (Private) Limited	**10**	8
Port Grand Limited	**392**	198

10.2 Loss allowance for ECL

Opening balance	-	223,532
Recognition of loss allowance under transition provision of IFRS 9	**21,578**	-
Adjusted opening balance as at July 01, 2018	**21,578**	-
Loss allowance charged for the year	**2,574**	-
Loss allowance written-off during the year	-	(223,532)
	24,152	-

10.3 As at June 30, 2019, the ageing analysis of unimpaired trade debts is as follows:

			Past due but not impaired	
	Total	Neither past due nor impaired	> three months upto one year	Above one year
	--------------- (Rupees in '000')		------------------	
Related parties	137,229	602	-	136,627
Others	178,848	72,456	23,150	83,242
June 30, 2019	**316,077**	**73,058**	**23,150**	**219,869**
Related parties	402,384	25	71	402,288
Others	247,989	50,422	71,555	126,012
June 30, 2018	**650,373**	**50,447**	**71,626**	**528,300**

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	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ---	
11. LOANS AND ADVANCES			
Loans- unsecured			
Considered good			
Related party - World Trade Center (Private) Limited	11.1	**30,000**	30,000
Advances – unsecured			
Considered good			
Executives	11.2	**3,807**	2,094
Employees		**5,128**	6,420
Suppliers		**6,148**	4,359
		15,083	12,873
		45,083	42,873

11.1 This represents a short-term loan to a related party i.e. World Trade Center (Private) Limited, carrying mark-up rate 3 months KIBOR plus 2.4% (2018: 3 months KIBOR plus 2.4%) per annum. The maximum aggregate amount due at the end of any month during the year was Rs. 30.000 (2018: Rs. 30.000) million.

11.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 3.902 (2018: Rs. 2.750) million.

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ---	
11.3 Provision for advances considered doubtful		
Opening balance	-	10,361
Provisions written-off during the year	-	(10,361)
	-	-

PRAS

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ---	
12. DEPOSITS AND PREPAYMENTS			
Deposits			
Others		**480**	480
		480	480
Prepayments			
Interconnect operators		**19,570**	11,395
Rent		**6,700**	9,373
Others		**1,459**	-
		28,209	21,248
13. ACCRUED MARK-UP / PROFIT			
Due from a bank		**7,000**	7,000
Mark-up on loan to related parties	13.1 & 14.1.1	**17,793**	16,234
		24,793	23,234

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ---	
13.1 Related parties		
Arfeen International (Private) Limited	**12,866**	14,818
World Trade Center (Private) Limited	**4,927**	1,416
	17,793	16,234

PRAS

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
14. OTHER RECEIVABLES			
Considered good			
Related parties	14.1	867	850
Others			
Karachi Relief Rebate Package	14.2	325,771	325,771
Due from PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		345,594	345,594
Pakistan Telecommunication Authority (PTA)	14.3	1,778,964	1,778,964
Receivable from PTA	14.4	94,552	22,642
Claim against a bank	14.5	998	998
Insurance claims		56	56
Due from a contractor		4,613	5,030
Punjab Revenue Authority (PRA)	14.6	34,956	-
Others		4,424	5,960
		2,685,969	2,581,056
Considered doubtful			
Karachi Relief Rebate Package		325,770	325,770
Due from PTCL against WPS	14.7	243,890	243,890
		569,660	569,660
Loss allowance for receivables considered doubtful	14.8	(569,660)	(569,660)
		-	-
		2,686,836	2,581,906

14.1 Related parties

Envicrete Limited	839	822
Grand Leisure Corporation (Private) Limited	28	28
	867	850

14.1.1 The above amounts due from related parties represent current account balances which are recoverable on demand.

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

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ----	
Envicrete Limited	853	822
Grand Leisure Corporation (Private) Limited	28	28
Supernet-E-Solution (Private) Limited	-	108
Port Grand Limited	-	72

PRASS

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

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

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

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

Over the years, the PTA has demanded additional APC for USF payments through its Determinations from most of the LDI Operators including the Company. The amount claimed by the PTA from the Company is Rs. 2,334.184 (net of the Rs. 345.594 million held in Escrow by the PTA). In addition to, and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of the LDI Licensees including the Company have filed the Determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the Policy, terms of the License, APC Rules and Regulations in calculating these amounts, b) that in any case the amounts demanded by the PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunction has been granted USF. Appeals of the Company and certain other LDIs are pending adjudication before the Sindh high Court, while appeals of a few LDI Licensees have been decided in favour of the LDI Licensees by the Lahore High Court on similar grounds. The amount refundable to the Company in case of a successful outcome of its appeal is Rs. 1,778.964 million

PRASS

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
14.8 Loss allowance for other receivables considered doubtful			
Opening balance		**569,660**	845,933
Loss allowances written-off during the year		**-**	(602,043)
Loss allownace for Karachi Relief Rebate Package	28	**-**	325,770
		569,660	569,660
15. TAXATION – NET			
Advance income tax		**178,291**	167,428
Provision for taxation – current	32	**(46,224)**	(34,468)
		132,067	132,960
16. BANK BALANCES			
In current accounts			
Local currency		**12,605**	905
Foreign currency		**45**	67
		12,650	972
In saving accounts			
Local currency	16.1	**9,853**	15,256
		22,503	16,228

16.1 These carry mark-up at rates, ranging between 2.02 % to 10.30% (2018: 2.29% to 6.00%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
Number of shares			---- (Rupees in '000') ----	
300,000,000	**300,000,000**	Ordinary shares of Rs.10/- each fully paid in cash	**3,000,000**	3,000,000

17.1 As at reporting date, chief executive officer, directors and their spouses held 8.68 % (2018: 8.68%), associated undertaking held 1.83% (2018: 17.87%) and the balance of 89.49% (2018: 73.45%) are held by individuals and others.

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

PRAJS

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	

18. TERM-FINANCE CERTIFICATES

	Note	June 30, 2019	June 30, 2018
Secured			
Term finance certificates	18.1	**736,190**	736,190
Overdue instalments	24	**(294,471)**	(92,023)
Current maturity shown under current liabilities	24	**(276,070)**	(202,448)
		165,649	441,719

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

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs. 800 (2018: Rs.800) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

19. CONTRACTUAL LIABILITY TO A CONTRACTOR

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ----	
Unsecured		
Advance from a contractor	**344,080**	368,423
Taken to profit or loss account during the current year upon rendering of services	**(6,180)**	(24,343)
	337,900	344,080

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

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

20. LONG-TERM DEPOSITS

	June 30, 2019	June 30, 2018
	---- (Rupees in '000') ----	
Security deposits		
Distributors	-	6,014
Others	-	28,860
	-	34,874

20.1 These deposits obtained from customers against different sale agreements were repayable on demand and were non-interest bearing.

PRADS

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	

21. DEFERRED LIABILITIES

	Note	June 30, 2019	June 30, 2018
Staff gratuity	21.1	**5,147**	5,121
Spectrum fee payable	21.2	**-**	-
		5,147	5,121

	Note	June 30, 2019	June 30, 2018
21.1 Staff gratuity	21.1	**5,147**	5,121

21.1.1 Reconciliation of obligations as at year end

Present value of defined benefit obligation	**5,147**	5,121

21.1.2 Movement in liability

Net liability at beginning of the year	**5,121**	2,947
Charge for the year	**442**	309
Benefits paid during the year	**(416)**	(100)
Remeasurements chargeable in other comprehensive income	**-**	1,965
	5,147	5,121

21.1.3 Charge for the year

Interest cost	**442**	309

21.1.4 Movement in defined benefit obligation

Present value of defined benefit obligation at beginning of the year	**5,121**	2,947
Interest cost	**442**	309
Benefits paid during the year	**(416)**	(100)
Remeasurements chargeable in other comprehensive income	-	1,965
	5,147	5,121

21.1.5 Principal actuarial assumptions

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

	June 30, 2019	June 30, 2018
Expected rate of increase in salaries, per annum	**7.00%**	7.00%
Expected discount rate, per annum	**10.50%**	10.50%

PRA23

21.1.6 Comparison for five years

	2019	2018	2017	2016	2015
	------------------- (Rupees in '000') -------------------				
Present value of defined benefit obligation	**5,147**	5,121	2,947	2,947	3,110

		June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
21.2	**Spectrum fee payable**	**317,100**	1,585,500
	Settled against surrender of WLL licence	-	(1,268,400)
	Offered to PTA shown as current maturity	**(317,100)**	(317,100)
		-	-

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

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

PRA

As a consequence of the above, during the year under review the outstanding liability on this account was reduced to Rs. 317.100 million on the basis that the License has been paid for until August 2014 (representing 50% of the 20 year life starting from August 2004), and the Company has offered to pay Rs.317.100 million (Settlement Amount) representing balance ISF liability for an additional 2 years, despite the fact that the PTA had issued a letter withdrawing the Spectrum earlier, and the Company had not been using the Spectrum since at least 2015. Consequently, in view of the withdrawal and vacation of the frequency spectrum, the corresponding asset has also been retired as referred to in Note 6. This settlement being at an advanced stage is pending confirmation from PTA.

22. TRADE AND OTHER PAYABLES

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
Pakistan Telecommunication Company Limited (PTCL)			
Wireless payphone service (WPS)	22.1	-	126,295
LL & LDI charges		**74,503**	69,969
Others		**786**	793
		75,289	197,057
Interconnect operators		**12,520**	22,582
Others		**85,247**	69,924
		173,056	289,563
Other payables			
Current accounts with related parties	22.2	**313,097**	380,682
Current maturity of spectrum fee payable	21.2	**317,100**	317,100
Accrued liabilities		**113,372**	121,003
Contract liability to customers		**8,949**	4,152
Payable to employees' provident fund		-	6,085
Unearned income		**793**	721
Workers' welfare fund		**4,964**	4,964
Others		-	8,938
		758,275	843,645
		931,331	1,133,208

22.1 This relates to a dispute with PTCL arising out of the WPS Agreement executed between the parties dated May 13, 1999. As discussed in note 14.7 (Receivable Note), PTCL is claiming an amount of Rs. 1,020.324 million as unpaid charges under different heads of the agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before a Sole Arbitrator. The arbitration proceedings have commenced and the Company has filed its rebuttal through which it has refuted the amounts claimed by PTCL and has instead submitted a net-counter claim of Rs. 244.000 million refundable to it by PTCL. This includes a liability of Rs. 32.076 million only of the Company towards PTCL on account of the WPS Agreement.

PRAS

During the last year, the Company reduced its liability by Rs. 483.413 million earlier, Company's receivable from PTCL on the same account. During the current year, the Company reviewed again in the light of the claim, counter claim, available record, progress of the arbitration proceedings and is of the opinion that there should not be any liability in the Company's books at all and therefore, the remaining liability of Rs.126.295 million has been written-back during the current year.

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
22.2 Current accounts with related parties			
Supernet Limited		**203,397**	249,618
World Trade Center (Private) Limited	22.2.1	**45,792**	68,822
Arfeen International (Private) Limited	22.2.1	**33,582**	29,233
Telegatway Limited	22.2.1	**15,028**	15,294
Chaman Investment (Private) Limited		**2,911**	2,911
IIL (Private) Limited		**9,755**	13,276
Total Telecom Limited		**421**	421
Port Grand Limited		**153**	153
Glitz Communication (Private) Limited		**80**	80
Globetech Communication (Private) Limited		**80**	80
Nexus Communication (Private) Limited		**71**	71
Supernet E-Solution (Private) Limited		**1,827**	723
		313,097	380,682

22.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 6% to 7% (2018: 6% to 7%) per annum.

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
23. ACCRUED INTEREST/MARK-UP			
On secured			
Interest / mark-up against financing		**122,467**	68,657
On unsecured			
Current accounts with related parties	22.2.1	**28,279**	24,077
		150,746	92,734

		Note	June 30, 2019	June 30, 2018
			---- (Rupees in '000') ----	
24.	**SHORT-TERM FINANCING**			
	Diminishing musharakah	24.1	**145,614**	145,614
	Current maturity of term finance certificates	18	**570,541**	294,471
			716,155	440,085

24.1 This represents Diminishing Musharakah facility from an Islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with the Islamic bank. The facility carries profit at the rate of 3 month KIBOR with a floor of 7.5% (2018: 3 month KIBOR with a floor of 7.5%) per annum and it is secured against pari passu charge over the current assets of the Company and ranking charge over the fixed assets of the Company. No term has been finalised with the bank for repayment of this facility, therefore the entire amount has been classified as short-term financing in the prior period.

25. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

PRA[illegible]

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

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

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

25.8 PTCL's claim amounting to Rs.1,630.461 (2018: Rs.1,628.088) million in respect of monthly billing has not been acknowledged as debt by the Company. The Company maintains that the said amount is overbilled by the PTCL.

25.10 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 14.2 and 22.1 to the financial statements.

25.11 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 14.3 and 21.2.1 to the financial statements.

25.12 No provision on account of above contingencies including note 25.10 and 25.11 has been made in the financial statements as the management and legal advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

25.13 Counter guarantees given to banks amounts to Rs.43.625 (2018: Rs.43.125) million.

PRAMS

		Note	June 30, 2019	June 30, 2018
			-- (Rupees in '000') --	
26	**REVENUE – NET**			
	Turnover		**1,085,181**	854,098
	Services rendered to the contractor	19	**6,000**	23,754
			1,091,181	877,852
27.	**DIRECT COSTS**			
	Interconnect charges – net		**164,443**	229,495
	Network media charges		**280,038**	95,072
	Network sites rent		**54,721**	54,316
	Network sites utilities and maintenance		**69,493**	67,127
	Insurance		**2,053**	2,056
	Annual regulatory charges		**22,052**	46,540
	Depreciation	5.1.3	**56,869**	61,794
	Amortisation	6	**1,954**	1,954
			651,623	558,354
28.	**ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS**			
	Salaries and other benefits	28.1	**162,140**	164,702
	Postage, telephone and telex		**2,074**	2,344
	Vehicles running and maintenance		**15,056**	13,425
	Travelling and entertainment		**1,782**	2,084
	Office security and maintenance		**7,059**	5,741
	Stationery		**2,040**	1,671
	Rent		**40,896**	34,066
	Utilities		**13,719**	8,613
	Insurance		**4,074**	3,460
	Legal and professional charges		**6,490**	11,728
	Auditors' remuneration	28.2	**3,701**	3,699
	Sales promotion and marketing		**552**	893
	Fee and subscription		**2,027**	1,737
	Depreciation	5.1.3	**1,619**	2,185
	Software support services		**4,500**	5,700
	Exchange loss		-	796
	Others		**3,137**	1,357
	Loss allowance for Karachi relief rebate package	14.8	-	325,770
	Late payment additional fees		-	3,697
	Receivable on account of APC for USF written off	14.3	-	207,015
	Loss allowance for trade debts / trade debts written-off	10.2	**2,574**	57,327
			273,440	858,010

28.1 This includes Rs 0.442 million in respect of gratuity expense for the year (2018: Rs. 0.310 million) and Rs. 5.367 (2018: Rs.5.400) million in respect of the Company's contribution towards provident fund.

PRATS

		Note	June 30, 2019	June 30, 2018
			--- (Rupees in '000') ---	
28.2	**Auditors' remuneration**			
	Fee for the audit of annual financial statements		**2,000**	2,000
	Fee for the audit of consolidated financial statements		**350**	350
	Fee for review of half yearly financial statements and other certifications		**1,190**	1,190
	Out-of-pocket expenses		**161**	159
			3,701	3,699
29.	**OTHER EXPENSE**			
	Credit note issued to related party	29.1	**265,235**	-

29.1 The full value of the benefits envisaged in the Inter-Operator Agreement were not materialised during FY 2016 and FY 2017. The parties were in discussion to resolve the issue, and as a consequence stopped further accrual of this expense in FY 2018. In FY 2019, it was agreed between the parties that the amounts booked in FY 2016 and 2017 should be reduced to reflect the value of the benefits which accrued to Supernet Limited.

		Note	June 30, 2019	June 30, 2018
			--- (Rupees in '000') ---	
30.	**OTHER INCOME**			
	Income from financial assets			
	Income from saving accounts		**1,144**	782
	Mark-up on loan from related party		**3,511**	2,580
	Reversal of provision against long-term investment		**100**	-
	Income from non-financial assets			
	Gain on sale of fixed assets		**1,542**	-
	Reversal of loss allowance against WPS	14	**-**	483,413
	Scrap sale		**250**	1,187
	Exchange gain		**8,002**	-
	Gain on surrender of spectrums		**-**	11,467
	Liabilities no longer payable written back including WPS liability	22.1	**149,362**	1,460
	Others		**-**	205
			159,156	497,732
			163,911	501,094

		Note	June 30, 2019	June 30, 2018
			--- (Rupees in '000') ---	
31.	**FINANCE COSTS**			
	Interest/mark-up on			
	Short-term financing		**3,190**	5,374
	Term finance certificates		**68,347**	45,172
			71,537	50,546
	Mark-up on current accounts with related parties		**6,153**	4,954
	Bank charges		**1,349**	1,301
			79,039	56,801
32.	**TAXATION**			
	Current	32.1 & 15	**46,406**	34,511
	Prior period		**(182)**	(43)
			46,224	34,468

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

The income tax assessments of the Company have been finalised up to and including the tax year 2017, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 25.7).

		June 30, 2019	June 30, 2018
		--- (Rupees in '000') ---	
33.	**LOSS PER SHARE - BASIC & DILUTED**		
	Loss after tax for the year (Rupees in '000')	**(60,469)**	(128,687)
	Weighted average number of shares	**300,000,000**	300,000,000
	Basic loss per share (Rupees)	**(0.20)**	(0.43)

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

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34. CASH GENERATED FROM OPERATIONS

	June 30, 2019	June 30, 2018
	--- (Rupees in '000') ---	
Profit / (loss) before taxation	**(14,245)**	(94,219)
Adjustments for non-cash charges and other items:		
Depreciation	**58,488**	63,979
Amortisation	**1,954**	1,954
Provision for gratuity	**442**	309
Unrealised exchange gain	**(2,573)**	-
Finance costs	**77,690**	55,500
Liabilities no longer payable written back including WPS liability	**(149,362)**	(1,460)
Credit note issued to related party	**265,235**	-
Accrued mark-up	**(2,315)**	-
Reversal of provision against long-term investment	**(100)**	-
Gain on surrender of spectrums	-	(11,467)
Reversal of loss allowance against WPS	-	(483,413)
Loss allowance for Karachi relief rebate package	-	325,770
Receivable on account of APC for USF written off	-	207,015
Trade debts written-off	-	57,327
Contractual liability to a contractor	**(6,180)**	(24,343)
Gain on sale of fixed assets	**(1,542)**	-
Loss allowance for ECLs against trade debts	**2,574**	-
	244,311	191,171
Profit before working capital changes	**230,066**	96,952
(Increase)/decrease in current assets		
Trade debts	**22,560**	(4,704)
Loans and advances	**(2,210)**	760
Deposits and prepayment	**(6,961)**	13,267
Accrued mark-up	**(1,559)**	(968)
Other receivables	**(107,417)**	(19,000)
	(95,587)	(10,646)
Increase/(decrease) in current liabilities		
Long-term deposits		
Trade and other payables	**(59,980)**	(18,717)
Cash generated from operations	**74,499**	67,589

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

	2019			2018		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Directors	Executives
	(Rupees in '000')					
Managerial remuneration	8,516	3,290	24,636	9,831	3,290	19,756
Other perquisites and benefits						
House rent	3,832	1,481	11,086	3,832	1,481	8,890
Medical	35	35	283	2	35	199
Retirement benefits	709	274	1,690	709	274	1,315
Utilities	852	329	2,464	852	329	1,976
	5,428	2,119	15,523	5,395	2,119	12,380
	13,944	**5,409**	**40,159**	**15,226**	**5,409**	**32,136**
Number of persons	**1**	**1**	**14**	**1**	**1**	**9**

35.1 A director of the Company is also provided with the free use of the Company maintained car and other benefits in accordance with their terms of services.

35.2 No remuneration has been paid to any of the non-executive directors of the Company during the year (2018: nil).

36. 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.

36.1 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.

36.1.1 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, 2019, the Company is exposed to such risk mainly in respect of term finance certificates and short-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.

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. 9.125 (2018: Rs. 9.339) 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.

PRASS

36.1.2 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 receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2019	June 30, 2018
	------- US $ -------	
Trade debts	**225,178**	86,943
Bank balances	**276**	524
Trade and other payables	**(197,308)**	(126,740)
Net exposure	**28,146**	(39,273)

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

Exchange rate (Rupees)	**164.00**	**121.40**

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, 2019	**+10**	**462**	**462**
	-10	**(462)**	**(462)**
June 30, 2018	+10	(477)	(477)
	-10	477	477

36.1.3 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, 2019 the Company is not exposed to equity price risk.

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36.2 Credit risk

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

	June 30, 2019	June 30, 2018
	-- (Rupees in '000') --	
Long-term deposits	**53,912**	54,296
Trade debts	**316,077**	650,373
Loan and deposit	**30,480**	30,480
Accrued mark-up	**24,793**	23,234
Other receivables	**2,686,836**	2,581,906
Bank balances	**22,503**	16,228
	3,134,601	3,356,518

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, 2019	June 30, 2018
	-- (Rupees in '000') --	
Trade debts		
Customers with no defaults in the past one year	**316,077**	650,373
Bank balances		
A1+	**10,028**	14,729
A-1+	**12,261**	362
A-2	**74**	64
A-1	**140**	1,073
	22,503	16,228

36.3 Liquidity risk

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

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

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

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

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	(Rupees in '000)				
Term-finance certificates	92,023	202,448	441,719	-	736,190
Long-term deposits	-	-	34,874	-	34,874
Trade & other payables	317,100	811,235	-	-	1,128,335
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	92,734	-	-	-	92,734
Short-term financing	-	145,614	-	-	145,614
June 30, 2018	506,251	1,159,297	476,593	-	2,142,141

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the financial statements.

36.5 Fair value of financial instruments

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

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

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

36.6 Capital risk management

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

The Company monitors capital using a gearing ratio, which is calculated as total borrowings and regulatory dues as disclosed in note 18, 21.2 & 24 less cash and cash equivalent as disclosed in note 16 divided by equity as follows:

	June 30, 2019	June 30, 2018
	-- (Rupees in '000') --	
Total debt	**1,198,904**	1,198,904
Less: Cash & cash equivalent	**22,503**	16,228
Net debt	**1,176,401**	1,182,676
Total equity	**2,156,660**	2,238,707
Total debt and equity	**3,333,061**	3,421,383
Gearing ratio	**35.29%**	34.57%

37. TRANSACTIONS WITH RELATED PARTIES

The related parties include subsidiary companies, entities having directors in common with the Company, major shareholders of the Company, directors and other key management personnel and retirement benefit plans. Relationship and percentage of holding are disclosed in note 4.21.

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

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		June 30, 2019	June 30, 2018
		-- (Rupees in '000') --	
Relationship: Wholly owned subsidiary companies			
Name	**Nature of transaction**		
Supernet Limited	Services rendered	-	5,434
Supernet E-Solutions (Private) Limited	Services received	**6,474**	7,868
Relationship: Entities having directors in common with the Company			
Name	**Nature of transaction**		
Arfeen International (Private) Limited	Services received	**5,520**	5,520
	Mark-up charged on current account	**1,952**	1,612
	Services rendered	**337**	293
World Trade Center (Private) Limited	Service received	**42,688**	32,867
	Services rendered	**72**	72
	Mark-up charged on current account	**4,201**	3,343
	Mark-up accrued on short-term loan	**3,511**	2,580
Envicrete Limited	Services rendered	**241**	238
Provident fund	Contributions during the year	**5,367**	5,398
Remuneration and benefits		**59,512**	52,771
IIL (Private) Limited	Services rendered	**264**	264
	Services received	**1,658**	1,532
Port Grand Limited	Services rendered	**271**	33
	Services received	-	489

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

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38. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2019 (Un-audited)	June 30, 2018 (Audited)
Size of the fund - Total assets		**88,777**	79,027
Cost of the investment made		**58,676**	60,707
Fair value of investments	38.1	**62,648**	63,097
Percentage of investments made		**70.57%**	79.84%

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

	2019	%	2018	%
Bank balances/deposits	**55,774**	89%	55,543	88%
Mutual funds	**5,411**	9%	5,726	9%
Others	**1,463**	2%	1,828	3%
	62,648		63,097	

38.2 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.

38.3 The share of employees of the Company is 45% (2018: 42%) in the total assets of the fund.

39. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 124 (2018: 140) and average number of employees during the year were 133 (2018: 136).

40. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there were no material reclassification.

41. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 0 8 OCT 2019 by the board of directors of the Company.

42. GENERAL

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

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

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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Independent Auditor's Report
To the members of Telecard Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Telecard Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss and other 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, 2019, 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 the Chartered Accountants of Pakistan, 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 15.2 (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. 325.771 million in the accompanying consolidated financial statements.

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

iii. note 15.3 to the accompanying consolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,334.184 million in the accompanying consolidated financial statements; and

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

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

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. First time adoption of IFRS 9 – Financial Instruments	
The Group has adopted IFRS 9 with effect from July 01, 2018 as referred to in note 3.1 to the consolidated financial statements. The new standard requires the Group to make provision for financial assets (trade debts) using Expected Credit Losses (ECLs) Model. The Group has adopted 'Simplified Approach' for measurement of ECLs on trade debts. For determination of the aforementioned provision under the new requirements, significant judgements including determination of historic loss rates are	Our audit procedures includes, but are not limited to the followings: • Review of revised impairment methodology applied by the Group for estimation of ECLs in relation to trade debts. • Evaluation of the historic data and assumptions used by the management for determination of historic loss rates including adjustments made for forward looking information.

required. Further, adjustments to loss rates are required for forward looking macro-economic factors. Due to change in impairment methodology and significance of judgement involved, we consider the first time adoption of IFRS 9 as a key audit matter.	• Review and assessment of disclosures made in the consolidated financial statements regarding first time adoption and application of IFRS 9. We further reviewed the application of revised impairment methodology by the Group as at July 01, 2018 and recognition of adjustment using modified retrospective approach.

2. Provisions and contingencies

There are a number of threatened and actual legal, regulatory and tax cases against the Group. The contingencies requires management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.	Our key audit procedures includes: • Testing key controls surrounding litigation, regulatory and tax procedures & assessing management's procedures in respect of accounting for changes in case status, if any, in consolidated financial statements. • Obtaining and reviewing external confirmations from Group's legal counsel and tax advisors for their views on case status and involving internal tax experts to assess and validated management's conclusion. • We further reviewed subsequent Group's correspondence and evaluated completeness, sufficiency and adequacy of related disclosures as refer to in notes 15.2 to 15.8, 23.2.1, 24.1, 27.1 to 27.15 of the accompanying consolidated financial statements.

3. Revenue recognition

There is an inherent risk around the accuracy of revenue recorded because of the complex billing system that involves processing a large volume of data. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over the underlying	Our audit approach includes a combination of test of controls, substantive analytical and substantive procedures (test of details) covering in particular: • Evaluation of management information system, the design of controls and assessing its operating effectiveness.

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accuracy of billing systems and presumed risk of fraud.	• Authorisation of slab rates and reports of call record for incoming international / local traffic. • Comparison of incoming traffic to traffic terminated on mobile / fixed operator. • Input of the above records into billing system and recalculation of amounts billed to customers. We also tested a sample of bills and checked these to supporting documents (contracts, slab rates, call detail record report etc.,) for both international and local customers.

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

The management is responsible for the other information.

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

We have nothing to report in this regard.

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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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 Hina Kazi.

Parker Randall AJS

Chartered Accountants

PRAJS

Date: 09 OCT 2019

Karachi.

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**817,797**	883,664
Intangible assets	6	**82,050**	82,605
		899,847	966,269
Long-term deposits	7	**84,357**	91,607
Long-term Investment	8	-	-
Deferred taxation	9	**336,583**	332,965
		1,320,787	1,390,841
CURRENT ASSETS			
Communication stores	10	**128,151**	121,711
Trade debts	11	**1,420,933**	1,340,873
Loans and advances	12	**93,102**	111,775
Deposits and prepayments	13	**61,519**	76,384
Accrued mark-up	14	**24,793**	28,070
Other receivables	15	**2,700,392**	2,594,036
Taxation – net	16	**313,459**	311,199
Cash and bank balances	17	**194,305**	46,644
		4,936,654	4,630,692
TOTAL ASSETS		**6,257,441**	**6,021,533**

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000) ----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorized			
400,000,000 (2018: 400,000,000) ordinary shares of Rs. 10/- each		**4,000,000**	**4,000,000**
Issued, subscribed and paid-up capital	18	**3,000,000**	3,000,000
Foreign currency translation reserve		**(375)**	-
Accumulated loss		**(277,270)**	(210,026)
Capital and reserves attributable to the owners of the Holding Company		**2,722,355**	2,789,974
Non-controlling interests		**(846)**	-
Total equity		**2,721,509**	2,789,974
NON-CURRENT LIABILITIES			
Long-term financing	19	**58,188**	88,625
Term finance certificates	20	**165,649**	441,719
Contractual liability to a contractor	21	**337,900**	344,080
Long-term deposits	22	-	34,874
Deferred liabilities	23	**8,008**	7,982
		569,745	917,280
CURRENT LIABILITIES			
Trade and other payables	24	**1,909,036**	1,573,102
Unclaimed dividend		**4,394**	4,394
Accrued interest/mark-up	25	**158,839**	101,775
Short-term financing	26	**893,918**	635,008
		2,966,187	2,314,279
Contingencies & commitments	27		
TOTAL EQUITY AND LIABILITIES		**6,257,441**	**6,021,533**

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
Revenue – net	28	**4,223,936**	3,379,033
Direct costs	29	**(3,215,499)**	(2,393,289)
Gross profit		**1,008,437**	**985,744**
Administrative expenses & distribution costs	30	**(702,090)**	(1,207,550)
Other operating expenses	31	**(98,104)**	(29,019)
		(800,194)	(1,236,569)
Other income	32	**160,787**	502,709
		(639,407)	(733,860)
Operating profit		**369,030**	**251,884**
Finance costs	33	**(113,013)**	(83,733)
Profit before taxation		**256,017**	**168,151**
Taxation	34	**(278,982)**	(210,178)
Loss for the year		**(22,965)**	**(42,027)**
Loss is attributable to:			
Owners of the Holding Company		**(22,119)**	(42,027)
Non-controlling interests		**(846)**	-
		(22,965)	**(42,027)**
Loss per share - basic & diluted - (Rupees)	35	**(0.08)**	**(0.14)**

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	--- (Rupees in '000') ---	
Net loss for the year	**(22,965)**	(42,027)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operation	**(375)**	-
Items that will not be reclassified to profit or loss		
Remeasurements in defined benefit plan	-	(1,965)
Total comprehensive loss for the year	**(23,340)**	**(43,992)**
Total comprehensive loss attributable to:		
Owners of the Holding Company	**(22,494)**	(43,992)
Non-controlling interests	**(846)**	-
	(23,340)	(43,992)

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	627,561	495,196
Income tax paid		(288,148)	(227,832)
Finance costs paid		(50,744)	(31,181)
Retirement benefits paid		(416)	(100)
Long-term deposits		7,250	(3,951)
Net cash generated from operating activities		295,503	232,132
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(103,471)	(234,314)
Addition to intangible assets		(1,659)	-
Proceeds from disposal of property, plant and equipment		4,885	-
Net cash used in investing activities		(100,245)	(234,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of obligation under finance lease		(2,032)	(1,834)
Repayment of long-term finances		(45,062)	15,500
Repayment of short-term financing		(503)	(7,465)
Net cash (used in) / generated from financing activities		(47,597)	6,201
Net increase in cash and cash equivalents		147,661	4,019
Cash and cash equivalents at the beginning of the year		46,644	42,625
Cash and cash equivalents at the end of the year	17	194,305	46,644

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

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

TELECARD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Attributable to the owner of Holding Co.				
	Issued subscribed paid-up capital	Accumulated loss	Foreign currency translation reserve	Non - controlling interest	Total
	---------------- (Rupees in '000') ----------------				
Balance as at July 01, 2017	3,000,000	(166,034)	-	-	2,833,966
Net loss for the year	-	(42,027)	-	-	(42,027)
Other comprehensive loss	-	(1,965)	-	-	(1,965)
Total comprehensive loss	-	(43,992)	-	-	(43,992)
Balance as at June 30, 2018 (As orginally stated)	**3,000,000**	**(210,026)**	-	-	**2,789,974**
Adjustment on initial application of IFRS 9 for expected credit losses as at July 01, 2018 (Note 3.1.2)	-	(45,125)	-	-	(45,125)
Adjusted balance as at July 01, 2018	**3,000,000**	**(255,151)**	-	-	**2,744,849**
Net loss for the year	-	(22,119)	-	(846)	(22,965)
Other comprehensive loss	-	-	(375)	-	(375)
	-	(22,119)	(375)	(846)	(23,340)
Balance as at June 30, 2019	**3,000,000**	**(277,270)**	**(375)**	**(846)**	**2,721,509**

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

PRAZS

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

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

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

> Telecard Limited - Holding Company
> Supernet Limited - Subsidiary Company
> Telegateway Limited - Subsidiary Company
> Nexus Communications (Private) Limited - Subsidiary Company
> Glitz Communications (Private) Limited - Subsidiary Company
> Globetech Communications (Private) Limited - Subsidiary Company
> Supernet E-Solution (Pvt) Limited - Subsidiary of Supernet Limited
> Supernet Secure Solution (Private) Limited - Subsidiary of Supernet Limited
> Phoenix Global ZSE - Subsidiary 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 and payphones. 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 Company is located at World Trade Centre, 10- Khayaban-e-Roomi, Clifton, Karachi.

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

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

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

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

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

Supernet E-Solutions (Private) Limited is engaged in providing telecommunication solutions and other IT related services. During the year, Supernet Limited acquired 100% equity of Supernet-E-Solution (Private) Limited from its Holding Company.

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

PRAYS

1.1 Summary of acquisitions made during the year

1.1.1 On January 28, 2019 Supernet Limited acquired 100% equity interest in Phoenix Global FZE, a company based in United Arab Emirates (UAE). Its principle business is provision of telecommunication services and sales of telecom equipment within UAE. The purpose of acquisition is expansion of business internationally.

Details of purchase consideration, net assets acquired and goodwill are as follows:

	---Amount in Rs---
Cash consideration paid (16,000 AED)	**608,000**
Net assets acquired	**(1,050,180)**
Goodwill on acquisition	**1,658,980**
Details of net assets are as follows:	
Other payables	**(1,050,180)**
Net assets acquired	**(1,050,180)**

1.1.2 On December 31, 2018 Supernet Secure Solutions (Private) Limited was incorporated within Pakistan and 80% of equity interest was acquired by Supernet Limited. The principal business activity of the company is to provide networking security services. The purpose of acquisition is to provide network security services to the Group companies.

	---Amount in Rs---
Cash consideration paid (80,000 @ 10 each)	**800,000**
Fair value of net assets as at acquisition date	**1,000,000**
Non-controlling interests *	**(200,000)**
Net assets acquired	**800,000**
Goodwill on acquisition	-
Details of net assets are as follows:	
Cash and cash equivalents	**1,000,000**
Net assets acquired	**1,000,000**

* Non-controlling interest is recognised at the proportionate share of the acquired entity's net identifiable assets.

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.

PRA 23

2.2 Basis of consolidation

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

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

2.3 Accounting convention

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

2.4 Functional and presentation currency

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

2.5 Standards, interpretations and amendments to approved accounting standards

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

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

Standards/ amendments/ interpretations		Effective date (accounting periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	January 01, 2019

PRA-23

Standards/ amendments/ interpretations		Effective date (accounting periods beginning on or after)
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16	Leases	January 01, 2019
IAS 1/IAS 8	Definition of Material (Amendments)	January 01, 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The Group expects that the above amendment will not have any significant impact on the Group's consolidated financial statements except for application of IFRS 16 - 'Leases'. The Group is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

To help preparers of financial statements to develop consistency in accounting policies and to assist parties to understand and interpret standards, the IASB has issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018, which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements.

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

Standards

IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

PRASS

2.5.2 Standards, amendments and interpretations adopted during the year

The Group has adopted the following standards and amendments to published accounting standards which became effective during the year and have been adopted by the Group.

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the consolidated financial statement expect of adoption of IFRS 9 and IFRS 15. The detailed impact of the these standards are set forth in note 3 to the consolidated financial statements.

2.6 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 5 & 6
Provision for doubtful debts and other receivables	4.8
Accounting for staff retirement benefits	4.12 & 23.1
Recognition of tax and deferred tax	4.5, 9, 16 & 34
Contractual liability to a contractor	21
Other provisions and contingent liabilities	4.19 & 27

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS-9 'Financial Instruments' and IFRS 15 'Revenue from contracts with Customers' to the Group's consolidated financial statements.

3.1 IFRS-9 'Financial Instruments' :

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after June 30, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 299(I)/2019 dated February 04, 2019 which has been fully adopted by the Group.

The said standard replaces the provision of original IAS – 39 'Financial Instruments – Measurement and Recognition' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial liabilities, impairment of financial assets and hedge accounting.

PRA23

The Group has adopted and applied IFRS-9 'Financial Instruments' from the date of initial application which has resulted in a change in accounting policy in respect of recognition, classification and measurement criteria of its financial assets and financial liabilities including new impairment requirements based on "Expected Credit Losses (ECLs)" model (refer note 3.2.1).

3.1.1 Classification and measurement

On July 01, 2018 (the date of initial application of IFRS-9 'Financial Instrument), the management of the Group assessed the business model applicability to the Group's financial instruments and has, accordingly, classified its financial instruments into appropriate categorisation under IFRS 9. Result of reclassifications are as follows:

	As at July 01, 2018				
	Measurement category		Carrying amount		
Non-current assets	**IAS 39**	**IFRS 9**	**Previous**	**New**	**Difference**
Equity instruments	ASF	FVTOCI	-	-	-
Long-term deposits	Loan and receivables	Amortised cost	91,607	91,607	-
Current assets					-
Trade debts *	Loan and receivables	Amortised cost	1,340,873	1,295,748	45,125
Loan and advances	Loan and receivables	Amortised cost	111,775	111,775	-
Accrued mark-up / profit	Loan and receivables	Amortised cost	28,070	28,070	-
Other receivables	Loan and receivables	Amortised cost	2,586,015	2,586,015	-
Bank balances	Loan and receivables	Amortised cost	46,584	46,584	-
Non-current liabilities					-
Term finance certificates	Amortised cost	Amortised cost	441,719	441,719	-
Long-term financing	Amortised cost	Amortised cost	88,625	88,625	-
Long-term deposits	Amortised cost	Amortised cost	34,874	34,874	-
Current liabilities					
Trade payables	Amortised cost	Amortised cost	1,523,612	1,523,612	-
Accrued interest / mark-up	Amortised cost	Amortised cost	101,775	101,775	-
Short-term financing	Amortised cost	Amortised cost	635,008	635,008	-

* As a result of applying new Expected Credit Loss (ECL) model.

Equity instrument previously classified as available for sales investment

The Group elected to present its available for sale investment as financial asset at Fair Value through Other Comprehensive Income (FVOCI) with change in fair value recognised in 'Other Comprehensive Income'. As a result, available for sale investment is classified as financial asset at FVOCI as this is long-term strategic investment and are not expected to be sold in the short and medium term. The said investment is fully impaired and no reclassification of reserves are required as a result of above classification.

PRADS

3.1.2 Impairment of financial assets:

The Group revised its impairment methodology under IFRS 9 'Financial Instruments' for each class of its financial asset. The Group's trade debts are subject to the provision of new "Expected Credit Loss" (ECL) model. The Group applied simplified approach under IFRS 9 to measure expected credit losses, whereby lifetime expected loss allowance is recognised for all trade receivables .

The Group has applied modified retrospective approach for the purpose of recognition of loss allowance on its trade receivables. The result of application of the new model has resulted in loss allowance amounting to Rs. 45.125 million as an adjustment to the retained earnings as at July 01, 2018.

	For the year ended July 01, 2018		
	As restated under IFRS 9	As previously reported under	Increase / (Decrease)
Trade debts	1,295,748	1,340,873	(45.125)
Accumulated loss	(255,151)	(210,026)	45,125

3.2 IFRS 15 'Revenue from Contracts with Customers':

The said standard became applicable for annual period beginning on or after July 01, 2018 as notified by SECP through SRO 1007(I)/2017 dated October 04, 2017 and has been fully adopted by the Group during the year. IFRS 15 replace the provisions of IAS 15 'Revenue', IAS 11 'Construction Contracts' and related interpretations.

The Group has adopted a modified retrospective approach for transition which require the Group to recognise cumulative effect of initially applying IFRS-15 as an adjustment to opening balance of equity as at the beginning of the reporting period i.e. in the period of the initial application and the comparative figures would not be restated.

IFRS 15 introduced a single five step framework for revenue recognition which will depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the Group expects to be exchanged for those goods or services. The five step framework is as follows:

- Identify the contract with customer.
- Identify the performance obligations.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognised revenue when (or as) the entity satisfies a performance obligation.

As a result, the Group has adopted the principles of IFRS 15 and has taken a detailed assessment of its performance obligations associated with its revenue streams and is of the view that the application of the IFRS 15 does not have a material impact on the current or prior periods amounts recognised in these consolidated financial statements or accounting policies applied for recognition of revenue. Therefore, no adjustments to the amounts recognised in the consolidated financial statements are required to be made in this respect.

Further, the Group has also considered accounting treatment for initial cost incurred to fulfil a contract which may qualify for recognition as an asset (contract asset) and may amortise on a straight line basis over the specific terms of the contract consistent with revenue recognition pattern. The management is of the view that application of IFRS 15 does not have any impact on its accounting treatment and no adjustments to the financial statements are required in this respect.

PRASS

Application of IFRS 15 has resulted in change in terminologies without any impact on reported current or prior period amount. Change in terminologies are as follows:

LIABILITIES	New	Previous	Inc. / (Dec.)
Non-current liability			
Contractual liability to a contractor	344,080	-	344,080
Advance from a contractor	-	344,080	(344.080)
Trade and other payables			
Contract liability to customers	48,569	-	48.569
Advances from customers	-	48,569	(48,569)

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 for which financial information is presented in these consolidated 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 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.

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 Group's owned assets.

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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 in disposed off.

Goodwill

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

4.2 Communication stores

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

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

4.3 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.

4.4 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.

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4.5 Taxation

Current

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

Deferred

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

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

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

4.6 Cash and cash equivalents

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

4.7 Trade and other payables

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

4.8 Provisions

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

4.9 Financial instruments (New accounting policies under IFRS 9 effective for period beginning on July 01, 2018).

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.

4.9.1 Initial measurement of financial assets

The Group classified its financial assets into the following categories:

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

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The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Except for trade receivables which are measured at the transaction price determined under IFRS 15.

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

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

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

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

4.9.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

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

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

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

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

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

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

PRASS

4.9.3 Derecognition of financial assets

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

4.9.4 Financial liabilities

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

4.9.5 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.

4.9.6 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 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.

4.11 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.

PRA23

Non-financial assets

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

4.12 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.

4.13 Operating lease

Rentals payable under operating lease, if any, are charged to consolidated statement of profit or loss on a straight-line basis over the term of relevant lease. Minimum lease payments receivable, if any, under operating leases are recognised as revenue on a straight-line basis over the term of the lease.

4.14 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.

4.15 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.

PRA05

4.16 Revenue

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

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

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 Group's information system and records.

4.18 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.

4.19 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.

4.20 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).

PRAAS

Following are the related parties of the Group:

Names of related party	Basis of relationship	(%) of shareholding
Supernet Limited	Fully owned subsidiary	100%
Supernet E-Solutions (Private) Limited	Subsidiary company *(Indirect)*	100%
Supernet Secure Solutions (Private) Limited	Subsidiary company *(Indirect)*	80%
Phoenix Global ZSE	Subsidiary company *(Indirect)*	100%
Telegateway Limited	Fully owned subsidiary	100%
Nexus Communication (Private) Limited	Fully owned subsidiary	100%
Glitz Communication (Private) Limited	Fully owned subsidiary	100%
Globetech Communication (Private) Limited	Fully owned subsidiary	100%
Arfeen International (Private) Limited	By the virtue of common directorship	-
Envicrete Limited	By the virtue of common directorship	-
Grand Leisure Corporation Limited	By the virtue of common directorship	-
IIL (Private) Limited	By the virtue of common directorship	-
Chaman Investment (Private) Limited	By the virtue of common directorship	-
World Trade Center (Private) Limited	By the virtue of common directorship	-
Total Telecom Limited	By the virtue of common directorship	-
Port Grand Limited	By the virtue of common directorship	-
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	-

4.21 Earning 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.

PRASS

5 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2019	June 30, 2018
		------- (Rupees in '000) -------	
Operating fixed assets	5.1	817,797	883,664
		817,797	883,664

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2018	Additions/	(Disposals)	As at June 30, 2019	As at July 01, 2018	For the year	(On disposals)/ transfers	As at June 30, 2019	As at June 30, 2019	Depreciation rate per annum
		------- (Rs. in '000) -------									
Owned											
Freehold land		3,020	-	-	3,020	-		-	-	3,020	-
Leasehold improvements		25,962	-		25,962	11,620	4,261	-	15,881	10,081	20%
Building on freehold land		625	-	-	625	530	31	-	561	64	5%
Apparatus, plant & equipment	5.1.1.1 & 5.2	7,496,514	94,507	-	7,591,021	6,704,726	146,476	-	6,851,202	739,819	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment		95,699	3,359	-	99,058	69,805	4,445	-	74,250	24,808	10%
Computers & related accessories	5.1.1.2	115,667	3,325	(68)	118.924	107,564	4,857	(13)	112,408	6,516	33%
Vehicles	5.1.1.2	38,893	2,280	(6,549)	34,624	29,382	2,190	(6,549)	25,023	9,601	20%
		7,807,255	**103,471**	**(6,617)**	**7,904,109**	**6,954,502**	**162,260**	**(6,562)**	**7,110,200**	**793,909**	
Leased Assets											
Plant & equipment		35,775	-	-	35,775	4,864	7,023	-	11,887	23,888	-
June 30, 2019		**7,843,030**	**103,471**	**(6,617)**	**7,939,884**	**6,959,366**	**169,283**	**(6,562)**	**7,122,087**	**817,797**	

PRAJS

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

	Note	Cost: As at July 01, 2017	Cost: Additions/ transfers*	Cost: (Disposals)	Cost: As at June 30, 2018	Accumulated depreciation: As at July 01, 2017	Accumulated depreciation: For the year	Accumulated depreciation: (On disposals)/ transfers	Accumulated depreciation: As at June 30, 2018	W.D.V. as at June 30, 2018	Depreciation rate per annum
		(Rs. in '000)									
Owned											
Freehold land		3,020	-	-	3,020	-		-	-	3,020	-
Leasehold improvements		13,732	12,230	-	25,962	8,289	3,331	-	11,620	14,342	20%
Building on freehold land		625	-	-	625	499	31	-	530	95	5%
Apparatus, plant & equipment	5.1.1.1 & 5.2	7,294,932	201,582 *	-	7,496,514	6,569,437	135,289	-	6,704,726	791,788	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures & office equipment		89,836	5,863	-	95,699	65,436	4,369	-	69,805	25,894	10%
Computers & related accessories		109,222	6,445	-	115,667	103,207	4,357	-	107,564	8,103	33%
Vehicles		38,893	-	-	38,893	26,490	2,892	-	29,382	9,511	20%
		7,581,135	**226,120**	-	**7,807,255**	**6,804,233**	**150,269**	-	**6,954,502**	**852,753**	
Plan & equipment		**6,493**	29,282		35,775	769	4,095		4,864	**30,911**	
June 30, 2018		**7,587,628**	**255,402**	-	**7,843,030**	**6,805,002**	**154,364**	-	**6,959,366**	**883,664**	

* This represents transfer from capital work-in-progress amounting to Rs. nil (2018: 21.861) million.

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

5.1.2 All other assets are in the name and possession of the Group.

5.1.3 The cost of fully depreciated asset as at June 30, 2018 is Rs. 6,704.866 (2018: Rs. 6,465.796) million.

5.1.4 Equipment, costing Rs. 934.979 (2018: Rs. 911.789) million, having a net book value of Rs. 240.600 (2018: Rs. 265.746) million are in the possession of the customers of the Group in the ordinary course of business.

	Note	2019	2018
5.2 Depreciation for the year has been allocated:		--- (Rupees in '000) ---	
Direct costs	29	146,392	135,205
Administrative expenses & distribution costs	30	22,891	19,159
		169,283	154,364

PRAYS

6. INTANGIBLE ASSETS

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
Intangible assets	6.1	82,050	82,605
		82,050	**82,605**

6.1 The statement of intangibles assets is as follows:

	Note	Cost			Accumulated amortisation				W.D.V.	
		As at July 01, 2018	Addition during the year	As at June 30, 2019	As at July 01, 2018	For the year	(On disposal)	As at June 30, 2019	as at June 30, 2019	Period years
		Rupees in '000								
WLL Licenses	6.1.1	8,120	-	8,120	5,684	406	-	6,090	2,030	16-20
LDI License	6.1.2	29,029	-	29,029	19,608	1,548	-	21,156	7,873	18-20
Computer software		39,776		39,776	39,276	260	-	39,536	240	5
Goodwill	1.1.1	116,864	1,659	118,523	46,616	-	-	46,616	71,907	
June 30, 2019		**193,789**	**1,659**	**195,448**	**111,184**	**2,214**	**-**	**113,398**	**82,050**	

	Note	Cost			Accumulated amortisation				W.D.V.	
		As at July 01, 2017	Addition / disposal	As at June 30, 2018	As at July 01, 2017	For the year	(On disposal)	As at June 30, 2018	as at June 30, 2018	Period years
		Rupees in '000								
WLL Licenses	6.1.1	3,345,096	(3,336,976)	8,120	2,085,324	406	(2,080,046)	5,684	2,436	16-20
LDI License	6.1.2	29,029	-	29,029	18,060	1,548	-	19,608	9,421	18-20
Computer software		39,776	-	39,776	39,016	260	-	39,276	500	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2018		**3,530,765**	**(3,336,976)**	**193,789**	**2,189,016**	**2,214**	**(2,080,046)**	**111,184**	**82,605**	

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

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

		Note	June 30, 2019	June 30, 2018
			--- (Rupees in '000) ---	
6.2	**Amortization for the year has been allocated as follows**			
	Direct costs	29	**1,954**	1,954
	Administrative expenses & distribution costs	30	**260**	260
			2,214	**2,214**
7.	**LONG-TERM DEPOSITS**			
	Security deposits - considered good			
	Line deposits – PTCL		**44,315**	44,315
	Deposit to foreign satellite bandwidth providers		**23,476**	23,476
	Rented premises		**3,018**	3,018
	China Orient Telecom Satellite Group		**6,509**	6,473
	ABS Global Middle East		**-**	6,902
	Guarantee margin		**5,500**	5,000
	Others		**1,539**	2,423
			84,357	91,607
			84,357	**91,607**
8.	**LONG-TERM INVESTMENT**			
	At fair value through other comprehensive income (FVOCI)			
	Augere Holdings (Netherlands) B.V.	8.1	**480,630**	480,630
	Loss allowance for ECL		**(480,630)**	(480,630)
			-	-

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

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

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

Pears

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
9. DEFERRED TAXATION			
Deferred tax credits arising on			
Accelerated tax depreciation		**(24,192)**	(18,904)
Amortisation of intangible assets		**(2,872)**	(347,558)
		(27,064)	(366,462)
Deferred tax debits arising from			
Retirement benefits		**2,324**	2,343
Accelerated tax depreciation		**1,886**	1,452
Provisions		**353,897**	542,111
Tax losses brought forward		**40,199**	246,632
		398,306	792,538
Deferred tax not recognised		**(61,723)**	(93,111)
		336,583	332,965

9.1 Being prudent and based on future projections, the Group has not recognised deferred tax asset amounting to Rs. 61.723 million (2018: 93.111 million).

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
10. COMMUNICATION STORES			
Stores		**109,501**	110,461
Provision against slow moving stores	10.1	**(10,743)**	(10,743)
		98,758	99,718
Consumables		**29,393**	21,993
		128,151	121,711
10.1 Provision against slow moving stores			
Balance at the end of the year		**10,743**	10,743
11. TRADE DEBTS			
Unsecured - considered good			
Related parties	11.1	**4,566**	2,789
Others		**1,416,367**	1,338,084
Considered doubtful		**129,965**	81,597
Loss allowance for debts considered doubtful	11.2	**(129,965)**	(81,597)
		-	-
		1,420,933	1,340,873
11.1 Related parties			
Arfeen International (Private) Limited		**1,887**	1,657
World Trade Centre (Private) Limited		**-**	8
Grand Leisure Corporation (Private) Limited		**1,587**	567
Envicrete Limited		**702**	366
Port Grand		**390**	191
		4,566	2,789

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	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
11.2 Loss allowance for ECL			
Opening balance		**81,597**	305,129
Recognition of loss allowance under transition provision of IFRS 9		**45,125**	-
Adjusted opening balance as at July 01, 2018		**126,722**	-
Charge for the year	30	**3,243**	-
Provision written-off against trade debts		-	(223,532)
		129,965	81,597

11.3 As at June 30, 2019 the ageing analysis of unimpaired trade debts is as follows:

	Total	Past due but not impaired: Neither past due nor impaired	> three months upto one year	> 1 year
	----------- (Rupees in '000) --------------			
Others	**1,416,367**	225,662	484,243	706,462
Related party	**4,566**	602	1,496	2,468
June 30, 2019	**1,420,933**	226,264	485,739	708,930
Others	1,338,085	260,041	648,966	429,078
Related party	2,788	623	1,522	643
June 30, 2018	**1,340,873**	**260,664**	**650,488**	**429,721**

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
12. LOANS AND ADVANCES			
Loans- unsecured			
Considered good			
Related party	12.1	**30,000**	30,000
Advances – unsecured			
Considered good			
Executives	12.2	**3,807**	2,094
Employees		**17,761**	20,645
Suppliers		**41,534**	59,036
		63,102	81,775
		93,102	**111,775**

PRAS

12.1 This represent short term loan to a related party i.e. World Trade Centre (Private) Limited, carrying mark-up rate of 3 months KIBOR plus 2.40% (2018: 3 months KIBOR plus 2.40%) per annum.

12.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 2.745 (2018: Rs.2.778) million.

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000) ---	
12.3 Loss allowance for advances considered doubtful			
Opening balance		-	10,361
Provision for the year	30	-	(10,361)
		-	-

	Note	June 30, 2019	June 30, 2018
13. DEPOSITS AND PREPAYMENTS			
Deposits			
Earnest money		21,260	13,539
Margin against guarantee		6,726	36,401
Others		2,520	2,430
		30,506	52,370
Considered doubtful			
Earnest money		2,441	2,441
Loss allowance against deposits considered doubtful		(2,441)	(2,441)
		-	-
Prepayments			
Rent		8,912	11,719
Interconnect operators		19,570	11,395
Others		2,531	900
		31,013	24,014
		61,519	76,384

	Note	June 30, 2019	June 30, 2018
14. ACCRUED MARK-UP			
Due from a bank		7,000	7,000
Mark-up on current accounts with related parties	14.1	17,793	21,070
		24,793	28,070
14.1 Related parties			
Arfeen International (Private) Ltd		12,866	14,818
World Trade Centre (Private) Limited		4,927	6,252
		17,793	21,070

Resars

		Note	June 30, 2019	June 30, 2018
			--- (Rupees in '000) ---	
15.	**OTHER RECEIVABLES**			
	Considered good			
	Related parties	15.1	**1,586**	1,959
	Others			
	Karachi Relief Rebate	15.2	**325,771**	325,771
	Amount withheld by PTCL against PTA-Escrow		**96,041**	96,041
	In Escrow account with PTA		**345,594**	345,594
	Pakistan Telecommunication Authority (PTA)	15.3	**1,778,964**	1,778,964
	Receivable from PTA	15.4	**94,552**	22,642
	Claim against a bank	15.5	**998**	998
	Insurance claims		**2,938**	3,194
	Due from a contractor		**4,613**	5,030
	Punjab Revenue Authority (PRA)	15.6	**34,956**	-
	Deposit with FBR under tax amnesty scheme	15.7	**2,991**	2,991
	Others		**11,388**	10,852
			2,698,806	**2,592,077**
	Considered doubtful			
	Pakistan Telecommunication Company Limited	15.8	**243,890**	243,890
	Karachi Relief Rebate		**325,770**	325,770
			569,660	**569,660**
	Loss allowance for other receivables considered doubtful	15.9	**(569,660)**	(569,660)
			-	-
			2,700,392	**2,594,036**
15.1	**Related parties**			
	Instaphone (Private) Limited		-	-
	Grand Leisure Corporation (Private) Limited		**747**	747
	Envicrete Limited		**839**	822
	Arfeen International (Pvt) Ltd		-	390
			1,586	**1,959**

15.1.1 The above amounts due from related parties represent current account balances which are recoverable on demand.

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

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

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

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

Over the years, the PTA has demanded additional APC for USF payments through its Determinations from most of the LDI Operators including the Group. The amount claimed by the PTA from the Group is Rs. 2,334.184 (net of the Rs. 345.594 million held in Escrow by the PTA). In addition to, and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of the LDI Licensees including the Group have filed the Determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the Policy, terms of the License, APC Rules and Regulations in calculating these amounts, b) that in any case the amounts demanded by the PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunction has been granted USF. Appeals of the Group and certain other LDIs are pending adjudication before the Sindh High Court, while appeals of a few LDI Licensees have been decided in favour of the LDI Licensees by the Lahore High Court on similar grounds. The amount refundable to the Group in case of a successful outcome of its appeal is Rs. 1,778.964 million.

In light of the above during the last year, the management decided to reduce its receivable by Rs. 207.106 million to Rs. 1,778.964 million in order to bring it in line with its contention in the appeals pending before the Sindh High Court. It is also pertinent to point out that these claims relate to the period ending September 2012, and the APC Regime has been subsequently terminated by the MOIT and PTA.

15.4 This amount represent payments made to PTA, pursuant to the court order on account of Late Payment Additional Fees (LPAF) relating to Annual Regulatory Dues (ARD), Annual Radio Frequency Spectrum Fee (ARFSF), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions in the sum of Rs 101.876 million.

However, the Group has challenged the court order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management is confident that the same is on plausible grounds. Nevertheless, the Group has charged-off partial amount (Rs 45.55m out of Rs. 101.876m), during the current year, as a matter of prudence.

This also includes refund received from PTA on account of over payment against USF and R&D which shall be adjusted against future payments, and charges on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2018 paid under protest, pending settlement from PTA as mentioned in note 23.2.1.

15.5 This represents amount due from a bank in respect of the PTCL bills paid by the Group to the bank but not passed over to the PTCL. The Group has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2018: Rs. 0.998) million and damages, aggregating to Rs. 8.250 (2018: Rs. 8.250) million, against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these consolidated financial statements.

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

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

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

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

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

		June 30, 2019	June 30, 2018
		---- (Rupees in '000) ----	
15.9	**Loss allowance for other receivables considered doubtful**		
	Opening balance	**569,660**	845,933
	Loss allowance written-back during the year	-	(602,043)
	Loss allowance for Karachi Relief Rebate Packages	-	325,770
		569,660	**569,660**

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	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000) ----	
16. TAXATION – NET			
Advance income tax		**596,059**	530,607
Provision for taxation – current	34.1	**(282,600)**	(219,408)
		313,459	311,199
17. CASH AND BANK BALANCES			
Cash at banks			
In current accounts			
Local currency		**41,022**	2,760
Foreign currency		**3,702**	4,705
		44,724	**7,465**
In savings accounts			
Local currency	17.1	**149,511**	39,119
Cash in hand		**70**	60
		194,305	**46,644**

17.1 These carry mark-up at rates, ranging between 2.02 % to 10.30% (2018: 2.29% to 6.00%) per annum.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2019	June 30, 2018		Note	June 30, 2019	June 30, 2018
Number of shares				---- (Rupees in '000) ----	
300,000,000	300,000,000	Ordinary shares of Rs. 10/- each fully paid in cash		**3,000,000**	3,000,000

18.1 As at reporting date, chief executive officer, directors and their spouses held 8.68 % (2018: 8.68%), associated undertaking held 1.83% (2018: 17.87%) and the balance of 89.49% (2018: 73.45%) are held by individuals and others.

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

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000) ----	
19. LONG-TERM FINANCING			
Secured			
From banks and financial institutions			
Demand Finance	19.1	**85,938**	125,000
Diminishing Musharaka-I	19.2	**9,500**	15,500
		95,438	140,500
Finance lease obligations		**1,009**	3,041
Current maturity of long-term financing shown under current liabilities	26	**(38,259)**	(54,916)
		58,188	**88,625**

19.1 This facility was obtained from a commercial bank during 2017. The loan is repayable in 16 equal quarterly instalments after a grace period of one year with the first instalment starting from January, 2018. This carries mark-up at the rate of six month KIBOR plus 2.4 % per annum payable quarterly. The facility is secured against hypothecation charge over plant and machinery, first pari pasu charge on current assets of the Group, pledge on shares of Holding Company and third party equitable mortgage on property.

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

19.3 FINANCE LEASE OBLIGATION

	June 30, 2019		June 30, 2018	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	--------------------Rs in '000'--------------------			
Due within one year	**1,066**	**1,009**	2,293	2,041
Due after one year but not later than 3 years	**-**	**-**	1,038	996
Total minimum lease payments	**1,066**	**1,009**	3,331	3,037
Amount representing finance charges	**(57)**	**-**	(290)	-
Present value of minimum lease payments	**1,009**	**1,009**	3,041	3,037
Current portion (Present value)	**(1,009)**	**(1,009)**	(2,041)	(2,041)
	-	**-**	1,000	996

19.4 This represent lease agreements with Orix leasing Pakistan Limited for Genset and UPS. The minimum lease payments have been discounted at an implicit rate of KIBOR plus 5% to arrive at their present value.

	Note	June 30, 2019	June 30, 2018
		----(Rupees in '000)----	
20. TERM FINANCE CERTIFICATES			
Secured			
Term Finance Certificates		**736,190**	736,190
Current maturity of term finance certificate shown under current liabilities			
Amount overdue		**(294,471)**	(92,023)
Amount payable in next 12 months		**(276,070)**	(202,448)
Current maturity of term finance certificate		**(570,541)**	(294,471)
		165,649	441,719

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

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs.800.00 (2018: Rs.800.00) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

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		June 30, 2019	June 30, 2018
		-- (Rupees in '000) --	

21. CONTRACTUAL LIABILITY TO A CONTRACTOR

	June 30, 2019	June 30, 2018
Unsecured		
Contractual liability to a contractor	344,080	368,423
Taken to income during the current year	(6,180)	(24,343)
	337,900	344,080

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

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

22. LONG-TERM DEPOSITS

	June 30, 2019	June 30, 2018
	-- (Rupees in '000) --	
Security deposits		
Distributors	-	6,014
Others	-	28,860
	-	34,874

22.1 These deposits were obtained from customers against different sale agreements was repayable on demand and was non-interest bearing.

23. DEFERRED LIABILITIES

	Note	June 30, 2019	June 30, 2018
		-- (Rupees in '000) --	
Staff gratuity	23.1	**8,008**	7,982
Spectrum fee payable	23.2	-	-
		8,008	7,982

23.1 Staff gratuity

Reconciliation of obligations as at year end

	Note	June 30, 2019	June 30, 2018
Present value of defined benefit obligation	23.1.1	**8,008**	7,982

23.1.1 Movement in liability

	June 30, 2019	June 30, 2018
Net liability at beginning of the year	**7,982**	5,808
Charge for the year	**442**	309
Benefits paid during the year	**(416)**	(100)
Remeasurements chargeable in other comprehensive income	-	1,965
	8,008	7,982

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23.1.2 Principal actuarial assumptions

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

	June 30, 2019	June 30, 2018
Expected rate of increase in salaries, per annum	7.00%	7.00%
Expected discount rate, per annum	10.50%	10.50%

23.1.3 Comparison for five years

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	8,008	7,982	5,808	6,264	7,477

		June 30, 2019	June 30, 2018
		(Rupees in '000)	
23.2	**Spectrum fee payable**	317,100	1,585,500
	Settled against surrender of WLL licence	-	(1,268,400)
	Offered to PTA shown as current maturity	(317,100)	(317,100)
		-	1,585,500

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

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

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As a consequence of the above, during the year under review the outstanding liability on this account was reduced to Rs. 317.100 million on the basis that the License has been paid for until August 2014 (representing 50% of the 20 year life starting from August 2004), and the Group has offered to pay Rs.317.100 million (Settlement Amount) representing balance ISF liability for an additional 2 years, despite the fact that the PTA had issued a letter withdrawing the Spectrum earlier, and the Group had not been using the Spectrum since at least 2015. Consequently, in view of the withdrawal and vacation of the frequency spectrum, the corresponding asset has also been retired as referred to in Note 6. This settlement being at an advanced stage is pending confirmation from PTA.

24. TRADE AND OTHER PAYABLES

	Note	June 30, 2019	June 30, 2018
		----(Rupees in '000)----	
Pakistan Telecommunication Company Limited			
Wireless payphone service (WPS)	24.1	-	126,295
LL & LDI charges		**74,503**	69,969
Others		**786**	793
		75,289	**197,057**
Interconnect operators		**12,520**	22,582
Others		**971,149**	533,492
		1,058,958	**753,131**
Other payables			
Current accounts with related parties	24.2	**149,501**	169,330
Spectrum fee payable	23.2	**317,100**	317,100
Pakistan Telecommunication Authority (PTA)		-	11,081
Contractual liability to customers		**53,366**	48,569
Advances from franchisees		**200**	200
Unearned income		**793**	721
Accrued liabilities		**290,844**	225,190
Payable to employees provident fund		**1,755**	7,670
Workers' welfare fund		**7,746**	7,746
Others		**28,773**	32,364
		850,078	819,971
		1,909,036	**1,573,102**

24.1 This relates to a dispute with PTCL arising out of the WPS Agreement executed between the parties dated May 13, 1999. As discussed in note 15.8 (Receivable Note), PTCL is claiming an amount of Rs. 1,020.324 million as unpaid charges under different heads of the agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before a Sole Arbitrator. The arbitration proceedings have commenced and the Group has filed its rebuttal through which it has refuted the amounts claimed by PTCL and has instead submitted a net-counter claim of Rs. 244.000 million refundable to it by PTCL. This includes a liability of Rs. 32.076 million only of the Group towards PTCL on account of the WPS Agreement.

During the last year, the Group reduced its liability by Rs. 483.413 million earlier, Group's receivable from PTCL on the same account. During the current year, the Group reviewed again in the light of the claim, counter claim, available record, progress of the arbitration proceedings and is of the opinion that there should not be any liability in the Group's books at all and therefore, the remaining liability of Rs.126.295 million has been written-back during the current year.

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		Note	June 30, 2019	June 30, 2018
			----(Rupees in '000)----	
24.2	**Related parties**			
	World Trade Centre (Private) Limited	24.2.1	**50,923**	71,576
	Arfeen International (Private) Limited	24.2.1	**33,582**	29,233
	Total Telecom Limited		**421**	421
	IIL (Private) Limited		**61,491**	65,016
	Chaman Investment (Private) Limited		**2,911**	2,911
	Port Grand Limited		**173**	173
			149,501	169,330

24.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 6 months KIBOR plus 3.5% per annum.

		Note	June 30, 2019	June 30, 2018
			----(Rupees in '000)----	
25.	**ACCRUED INTEREST/MARK-UP**			
	On secured			
	Interest / mark-up against financing		**132,256**	**74,558**
	On unsecured			
	Short-term borrowings		-	4,836
	Current accounts with related parties		**26,583**	22,381
			158,839	**101,775**
26.	**SHORT-TERM FINANCING**			
	Running finance from bank - secured	26.1	**139,504**	140,007
	Diminishing Musharaka	26.2	**145,614**	145,614
	Current maturity of term finance certificates	20	**570,541**	294,471
	Current maturity of long-term financing	19	**38,259**	54,916
			893,918	**635,008**

26.1 This represents running finance facility aggregated to Rs. 150.000 (2018: 150.000) million obtained by the Group for working capital purpose. This carry mark-up at the rate of 3 months KIBOR plus 2.4% (2018: 3 months KIBOR plus 2.4%) p.a which is payable quarterly. The facility is secured by way of hypothecation charge over fixed asset with 25% margin, first pari passu charge on current assets, pledge on shares and third party equitable mortgage. The unutilised facility amounts to Rs. 10.496 (2018: 10.000) million.

26.2 This represents Diminishing Musharaka facility from an Islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with the Islamic bank. The facility carries profit at the rate of 3 month KIBOR with a floor of 7.5% (2018: 3 month KIBOR with a floor of 7.5%) per annum and it is secured against pari passu charge over the current assets of the Group and ranking charge over the fixed assets of the Group. No term has been finalised with the bank for repayment of this facility, therefore the entire amount has been classified as short-term financing in the prior period.

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27. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

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

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

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

27.8 PTCL's claim amounting to Rs.1,630.461 (2018: Rs.1,628.088) million in respect of monthly billing has not been acknowledged as debt by the Group. The Group maintains that the said amount is overbilled by the PTCL.

27.9 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Group Limited, Thailand, in the High Court of Sindh against the Group for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 52.949 (2018: Rs. 39.517) million. Out of this amount, a sum of Rs. 20.126 (2018: Rs. 18,020) million had been withheld from the payments made by the Group to the above-referred entity. The balance amount of Rs. 32.823 (2018: Rs. 21.497) million has not been provided for in these consolidated financial statements as the Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter.

27.10 A suit was filed by Huawei Technologies Group Limited, China in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs. 48.933 (2018: Rs.36.519) million and a compensation of US$270,000 [approximately Rs. 44.039 (2018: Rs. 32.867) million] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the Group in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these consolidated financial statements.

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

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

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

27.14 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 15.2 and 24.1 to these consolidated financial statements.

27.15 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 15.3 and 23.2.1 to these consolidated financial statements.

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

27.17 Counter guarantees given to banks amounting to Rs. 89.819 (2018: Rs. 84.344) million.

PRADS

	Note	June 30, 2019	June 30, 2018
		-----(Rupees in '000)-----	

28. REVENUE – NET

Turnover		**3,995,712**	3,224,582
Services rendered to the Contractor under the Network Agreement		**6,000**	23,754
Turnkey Projects		**198,422**	21,608
Sale of equipment		**23,802**	109,089
		4,223,936	3,379,033

29. DIRECT COSTS

	Note		
Salaries and other benefits	29.1	**195,402**	238,320
Interconnect charges – net		**164,443**	229,495
Network media charges		**280,416**	95,486
Network sites rent		**54,721**	54,316
Network sites utilities and maintenance		**125,754**	120,487
Satellite bandwidth & communication charges		**1,967,314**	1,290,895
Cost of turn key projects		**140,203**	22,207
Communication stores consumed	29.2	**16,809**	62,001
Support service cost		**34,285**	42,868
Repair and maintenance		**1,020**	1,298
Royalty	29.3	**5,372**	4,051
Consultancy charges		**7,597**	5,800
Conveyance and travelling		**7,316**	11,133
Communication		**2,809**	2,992
Insurance		**6,147**	8,159
Annual license fee		**22,052**	46,541
Depreciation	5.2	**146,392**	135,205
Amortisation	6.2	**1,954**	1,954
Others		**35,493**	20,081
		3,215,499	2,393,289

29.1 This includes a sum of Rs. 4.631 (2018: Rs.4.193) million in respect of the Group's contribution towards provident fund.

	June 30, 2019	June 30, 2018
	-----(Rupees in '000)-----	

29.2 Communication stores consumed

Opening stock	**121,711**	161,254
Purchases	**23,249**	22,458
	144,960	183,712
Closing stock	**(128,151)**	(121,711)
	16,809	62,001

PRAYS

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

30. ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS

	Note	June 30, 2019	June 30, 2018
		-----(Rupees in '000)-----	
Salaries and other benefits	30.1	**463,469**	383,479
Postage, telephone and telex		**2,102**	2,360
Vehicle running and maintenance		**15,056**	13,425
Travelling and entertainment		**13,598**	18,793
Office security and maintenance		**7,059**	5,741
Stationery and photocopies		**3,672**	2,681
Rent and utilities		**111,584**	111,925
Insurance		**6,349**	6,848
Legal and professional charges		**18,930**	13,084
Auditors' remuneration	30.2	**4,462**	4,579
Sales promotion and marketing		**2,168**	5,091
Fee and subscription		**2,884**	3,306
Depreciation	5.2	**22,891**	19,159
Amortisation	6.2	**260**	260
Repair and maintenance		**10,713**	13,734
Communication		**3,253**	3,456
Provision for debts considered doubtful	11.2	**3,243**	-
Receivable written off		-	57,327
Late payment surcharge fee		-	3,697
Provision for other receivables considered doubtful	15.9	-	325,770
Written off against other receivables		-	207,015
Impairment in value of long term investment		-	-
Others		**10,397**	5,820
		702,090	**1,207,550**

30.1 This includes Rs. 0.442 million in respect of gratuity expense for the year (2018: Rs.0.309 million) and Rs.9.913 (2018: Rs.7.799) million in respect of the Group's contribution towards provident fund.

30.2 Auditors' remuneration

	Note	June 30, 2019	June 30, 2018
		-----(Rupees in '000)-----	
Fee for the audit of annual financial statements		**2,643**	2.746
Fee for the audit of consolidated financial statements		**350**	350
Fee for the review of half yearly financial statements and other certifications		**1,190**	1,190
Out-of-pocket expenses		**279**	293
		4,462	**4,579**

PRASS

	Note	June 30, 2019	June 30, 2018
		-----(Rupees in '000)-----	

31. OTHER OPERATING EXPENSES

	Note	June 30, 2019	June 30, 2018
Exchange loss - net		**98,104**	29,019

32. OTHER INCOME

		June 30, 2019	June 30, 2018
Income from financial assets			
Income on saving accounts		**3,492**	2,350
Provision written back		**-**	483,413
Liabilities no longer payable written back		**151,992**	1,460
		155,484	**487,223**
Mark-up on current accounts with related parties		**3,511**	2,580
Income from non-financial assets			
Gain on sale of fixed assets		**1,542**	-
Gain on spectrum		**-**	11,467
Scrap sale		**250**	1,187
Others		**-**	252
		1,792	**12,906**
		160,787	**502,709**

33. FINANCE COSTS

		June 30, 2019	June 30, 2018
Mark-up on secured:			
Long-term financing		**13,124**	16,953
Term finance certificates		**68,347**	45,172
Short-term financing		**20,184**	12,544
Mark-up on current accounts with related party		**6,153**	4,954
Bank charges		**5,205**	4,110
		113,013	**83,733**

34. TAXATION

	Note	June 30, 2019	June 30, 2018
Current	34.1	**281,307**	220,408
Prior	34.1	**1,293**	(1,000)
Deferred		**(3,618)**	(9,230)
		278,982	**210,178**

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

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

PRASS

	Note	June 30, 2019	June 30, 2018
		-----(Rupees in '000)-----	

35. LOSS PER SHARE – BASIC AND DILUTED

Loss attributable to the owners of the Holding Company		(22,119)	(42,027)
Weighted average number of shares		300,000,000	300,000,000
Basic loss per share (Rupees)		(0.08)	(0.14)

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

36. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2019	June 30, 2018
		----(Rupees in '000)----	
Profit before taxation		**256,017**	168,151
Adjustments for non-cash charges and other items			
Depreciation	5.2	**169,283**	154,364
Amortisation	6.2	**2,214**	2,214
Provision for gratuity		**442**	309
Finance costs		**107,808**	79,623
Loss allowance for debts considered doubtful	30	**3,243**	57,327
Loss allowance written-back		**-**	(483,413)
Other receivables written-off		**-**	207,015
Loss allowance for other receivables considered doubtful		**-**	325,770
Accounting gain on Spectrum		**-**	(11,467)
Unrealised exchange gain		**(23,339)**	-
Contractual liability to a contractor		**(6,180)**	(24,343)
Liabilities no longer payable written-back		**(151,992)**	(1,460)
Gain on sale of fixed assets		**(1,542)**	-
		99,937	**305,939**
Profit before working capital changes		**355,954**	**474,090**
(Increase)/decrease in current assets			
Communication stores		**(6,440)**	39,543
Trade debts		**(130,386)**	(47,045)
Loans and advances		**18,673**	17,171
Deposits and prepayment		**14,865**	2,995
Other receivables		**(108,843)**	(20,594)
Accrued mark-up		**3,277**	(968)
		(208,854)	**(8,898)**
Increase in trade and other payables		**480,461**	30,004
Cash generated from operations		**627,561**	**495,196**

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

	2019			2018		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	------ (Rupees in '000) ------			------ (Rupees in '000) ------		
Managerial remuneration	26,202	3,290	126,931	27,517	3,290	119,560
Other perquisites and benefits:						
House rent	9,194	1,481	52,923	9,786	1,481	49,983
Medical	35	35	283	2	35	258
Retirement benefits	709	274	1,690	709	274	1,734
Prequisites and benefits	3,423	329	53,611	4,344	329	49,250
	13,361	2,119	108,507	14,841	2,119	101,225
	39,563	5,409	235,438	42,358	5,409	220,785
Number of persons	3	1	53	3	1	49

37.1 A Director of the Group is also provided with the free use of the Group maintained car and other benefits in accordance with their terms of service.

37.2 No remuneration has been to any of the non executive directors of the Group during the year (2018: nil)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

38.1 Market risk

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

38.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2019, the Group is exposed to such risk mainly in respect of long and short-term financing and term finance certificates.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Group's profit by Rs. 10.807 (2018: 12.628) million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

38.1.2 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets 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:

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	June 30, 2019	June 30, 2018
	-------- US$ -------	
Trade debts	**737,414**	1,885,361
Bank balances	**276**	28,374
Trade and other payables	**(3,773,145)**	(3,124,303)
	(3,035,455)	**(1,210,568)**

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

Exchange rate (Rupees)	164.00	121.40

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, 2019	**+10**	**(49,781)**	**(49,781)**
	-10	**49,781**	**49,781**
June 30, 2018	+10	(14,696)	(14,696)
	-10	14,696	14,696

38.1.3 Equity risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2019 the Group is not exposed to equity price risk.

38.1.4 Credit risk

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

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

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

	June 30, 2019	June 30, 2018
	----(Rupees in '000)----	
Trade debts	**1,420,933**	1,340,873
Long-term deposits	**84,357**	91,607
Loan to a related party	**30,000**	30,000
Other receivables	**2,695,779**	2,589,006
Accrued mark-up	**24,793**	28,070
Bank balances	**194,235**	46,584
	4,450,097	**4,126,140**
Trade debts		
Customers with no defaults in the past one year	**1,420,933**	**1,340,873**
Bank balances		
A1+	**10,388**	34.959
A-1+	**174,080**	1,096
A-2	**9,627**	4,703
A-1	**140**	5,826
	194,235	**46,584**

38.1.5 Liquidity risk

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

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	(Rupees in '000)				
Long-term financing	-	-	-	58,188	58,188
Term-finance certificates	294,471	276,070	165,649	-	736,190
Trade & other payables	336,047	1,107,211	428,008	-	1,871,266
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	158,839	-	-	-	158,839
Short-term financing	285,118	38,259	-	-	323,377
June 30, 2019	**1,078,869**	**1,421,540**	**593,657**	**58,188**	**3,152,254**

PRAYS

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	---------------------- (Rupees in '000)				----------------------
Long-term financing	-	-	-	88,625	88,625
Term-finance certificates	92,023	202,448	441,719	-	736,190
Long-term deposits	-	-	34,874	-	34,874
Trade & other payables	304,313	1,219,299	-	-	1,523,612
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	101,775	-	-	-	101,775
Short-term financing	15,625	324,912	-	-	340,537
June 30, 2018	518,130	1,746,659	476,593	88,625	2,830,007

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the consolidated financial statements.

38.1.6 Fair value of financial instruments

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

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

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

38.1.7 Capital management

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

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

PRAYS

	June 30, 2019	June 30, 2018
	----(Rupees in '000)----	
Total debts	**1,434,855**	1,482,452
Less: Cash and cash equivalent	**(194,305)**	(46,644)
Debt	**1,240,550**	**1,435,808**
Issued, subscribed and paid-up capital	**2,721,509**	2,789,974
Total capital	**2,721,509**	**2,789,974**
Capital and debt	**3,962,059**	**4,225,782**
Gearing ratio	**31.3%**	**34.0%**

39. TRANSACTIONS WITH RELATED PARTIES

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

	June 30, 2019	June 30, 2018
	----(Rupees in '000)----	
Entities having directors in common with the Group		
Arfeen International (Private) Limited		
Services rendered	**1,219**	1,397
Mark-up charged to the Group	**1,952**	1,612
Rent charged during the year	**5,520**	5,520
World Trade Centre (Private) Limited		
Service received	**76,361**	39,244
Services rendered	**477**	72
Mark-up charged to the group	**4,201**	3,343
Mark-up charged by the group	**3,511**	2,580
Envicrete Limited		
Services rendered	**517**	762
Port Grand Limited		
Services rendered	**493**	253
Services received	**489**	489
Provident Fund		
Contributions during the year	**14,544**	9,481
Instaphone Infrastructure (Private) Limited		
Services rendered	**264**	320
Services received	**1,658**	1,532

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

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40. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2019 (Un-audited) (Rs. in '000)		June 30, 2018 (Audited) (Rs. in '000)	
Size of the fund - total assets		**88,777**		79,027	
Cost of the investment made		**58,676**		60,707	
Fair value of investmen	40.1	**62,648**		63,097	
Percentage of investments made		**70.57%**		79.84%	

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

		%		%
Bank balances/deposits	**55,774**	89	55,543	88
Mutual funds	**5,411**	9	5,726	9
Others	**1,463**	2	1,828	3
	62,648		63,097	

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

41. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 562 (2018: 540) and average number of employees during the year were 558 (2018: 517).

42. CORRESPONDING FIGURES

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

Reclassified from	Reclassified to	Amount in Rs '000'
Trade and other payables	Trade debts	
- Unearned income	- Others	30,399

43. AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 0 8 OCT 2019 by the board of directors of the Group.

44. GENERAL

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

TELECARD LIMITED
COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS
AS AT 30/06/2019

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
169	1	-	100	6,391
545	101	-	500	252,238
712	501	-	1000	705,794
1,549	1001	-	5000	4,820,472
649	5001	-	10000	5,460,338
252	10001	-	15000	3,360,308
192	15001	-	20000	3,626,429
157	20001	-	25000	3,719,588
94	25001	-	30000	2,734,819
55	30001	-	35000	1,829,300
44	35001	-	40000	1,698,500
41	40001	-	45000	1,774,117
93	45001	-	50000	4,587,753

31	50001	-	55000	1,648,500
26	55001	-	60000	1,516,450
12	60001	-	65000	759,000
17	65001	-	70000	1,165,000
21	70001	-	75000	1,551,005
17	75001	-	80000	1,336,629
10	80001	-	85000	832,000
9	85001	-	90000	793,000
14	90001	-	95000	1,306,500
55	95001	-	100000	5,484,500
11	100001	-	105000	1,126,201
9	105001	-	110000	980,000
9	110001	-	115000	1,019,700
4	115001	-	120000	477,500
7	120001	-	125000	871,000

2	125001	-	130000	257,499
2	130001	-	135000	267,000
5	135001	-	140000	692,500
6	140001	-	145000	860,500
16	145001	-	150000	2,392,000
1	150001	-	155000	155,000
5	155001	-	160000	795,000
1	160001	-	165000	162,500
2	165001	-	170000	333,392
1	170001	-	175000	175,000
3	175001	-	180000	536,500
2	180001	-	185000	368,500
1	185001	-	190000	190,000
5	190001	-	195000	965,000
17	195001	-	200000	3,393,000

4	200001	-	205000	806,104
4	205001	-	210000	834,500
2	210001	-	215000	426,000
2	215001	-	220000	440,000
2	220001	-	225000	445,940
3	240001	-	245000	729,500
11	245001	-	250000	2,747,500
4	250001	-	255000	1,008,935
2	270001	-	275000	544,500
1	275001	-	280000	277,470
1	285001	-	290000	289,000
9	295001	-	300000	2,698,000
1	300001	-	305000	301,000
1	305001	-	310000	309,000
3	315001	-	320000	951,501

2	320001	-	325000	650,000
1	325001	-	330000	327,302
2	330001	-	335000	667,500
3	345001	-	350000	1,046,000
1	350001	-	355000	355,000
1	390001	-	395000	395,000
2	395001	-	400000	800,000
2	400001	-	405000	806,600
1	405001	-	410000	408,000
2	415001	-	420000	835,300
1	420001	-	425000	420,500
1	425001	-	430000	427,000
1	430001	-	435000	432,000
1	435001	-	440000	440,000
2	445001	-	450000	900,000

1	450001	-	455000	454,000
1	470001	-	475000	473,500
4	495001	-	500000	2,000,000
1	500001	-	505000	502,500
1	505001	-	510000	510,000
1	510001	-	515000	510,500
1	520001	-	525000	525,000
1	555001	-	560000	560,000
1	565001	-	570000	570,000
1	570001	-	575000	574,500
1	575001	-	580000	577,500
1	620001	-	625000	623,500
1	630001	-	635000	634,375
1	645001	-	650000	650,000
1	675001	-	680000	680,000

1	685001	-	690000	688,000
3	725001	-	730000	2,184,255
1	745001	-	750000	750,000
1	750001	-	755000	754,500
1	815001	-	820000	820,000
1	830001	-	835000	834,000
1	845001	-	850000	850,000
1	895001	-	900000	900,000
1	930001	-	935000	935,000
1	980001	-	985000	985,000
2	995001	-	1000000	1,995,118
1	1005001	-	1010000	1,009,500
1	1030001	-	1035000	1,033,638
1	1045001	-	1050000	1,050,000
1	1070001	-	1075000	1,073,642

1	1105001	-	1110000	1,110,000
1	1115001	-	1120000	1,117,003
1	1120001	-	1125000	1,125,000
1	1295001	-	1300000	1,300,000
1	1345001	-	1350000	1,348,500
1	1355001	-	1360000	1,360,000
1	1420001	-	1425000	1,424,362
2	1530001	-	1535000	3,066,000
1	1550001	-	1555000	1,552,000
1	1960001	-	1965000	1,963,000
1	2140001	-	2145000	2,142,000
1	2350001	-	2355000	2,352,000
1	2375001	-	2380000	2,376,000
1	2395001	-	2400000	2,400,000
1	2495001	-	2500000	2,500,000

1	2595001	-	2600000	2,600,000
1	2960001	-	2965000	2,962,000
1	2995001	-	3000000	2,996,749
1	3890001	-	3895000	3,894,858
1	4555001	-	4560000	4,558,000
1	5315001	-	5320000	5,320,000
1	7315001	-	7320000	7,320,000
1	10020001	-	10025000	10,022,400
1	22725001	-	22730000	22,727,180
1	39870001	-	39875000	39,870,345
1	56175001	-	56180000	56,179,000
5,009				**300,000,000**

Categories of Shareholders			
As at June 30, 2019			
Name	**NO OF SHARES**	**NOS**	**%**
INDIVIDUALS	**152,547,725**	**4942**	**51**
ASSOCIATED COMPANIES			
ARFEEN INTERNATIONAL (PVT) LTD	3,086,749	2	1.03
ENVICRETE LIMITED	2,400,000	1	0.80
	5,486,749	**3**	**1.83**
JOINT STOCK COMPANIES	113,510,080	39	37.84
BANKS, DFI'S, INSURANCE COMPANIES	292,752	6	0.10
MODARBAS AND MUTUAL FUND & OTHERS	2,105,660	7	0.70
	115,908,492	**52**	**38.64**
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	400	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,500	1	0.00
LEHMAN BROTHERS SECURITIES	3,400	1	0.00
STATE STREET BANK & TRUST CO U.S.A	7,600	1	0.00
	12,900	**4**	**0.00**
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
SULTAN UL ARFEEN	1,426,362	2	0.48
SHAHID FIROZ	1,073,642	1	0.36
SAMINA SHAHID	450,000	1	0.15
NIGHAT SULTANA	301,000	1	0.10
CHAMAN ARA BEGUM	10,000	1	0.00
SHAMS UL ARFEEN	22,783,130	2	7.59
	26,044,134	**8**	**8.68**
Total	**300,000,000**	**5,009**	**100**

Form of Proxy

I/We ____________________ s/o __________________________ of ________ being a member of **Telecard Limited** and holding ___________________ ordinary shares as per Folio No. __________________ and/or CDC participant I.D. No.______________ and Sub-Account No. _________ hereby appoint _______________________________________ of _______________ or failing him ____ of _______________ as my/our proxy to vote for me/us and on my behalf at the Annual General Meeting of the Company to be held on Monday 28 October, 2019 at 1900 at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this __________ day of ______________, 2019.

Rupees Five Revenue Stamp

WITNESS:

1. Signature: ______________________
   Name: ______________________
   Address: ______________________
   ____

CNIC No.

					-							-	

Or Passport No. ____________________

2. Signature: ______________________
   Name: ______________________
   Address: ______________________
   ____

CNIC No.

					-							-	

Or Passport No. ____________________

____

Signature of the shareholder

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

CNIC No.

					-							-	

NOTES:

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

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

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

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