

Annual Report



2023

Telecard Limited

Our Vision

‘To be the quality telecommunication and ICT solutions provider of choice using sound business practices while enhancing the quality of life of the community and providing a strong return for our stakeholders.’

Our Mission

Our goal is to be the leading telecom and ICT solutions provider in the market and to make Telecard a name that inspires pride and confidence. We will achieve our goal by:

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

Our Strategy

To provide the best in class service and support to our customers by leveraging our network, technical expertise, and passion for providing service and support to become the operator of choice for our customers.



Company Information

Board of Directors

Mr. Pervez Sadiq (Chairman)
Syed Aamir Hussain (CEO)
Syed Hashim Ali
Mr. Waseem Ahmad
Mr. Mudabbir Hussain
Mr. Asad Mujtaba Naqvi
Mrs. Fabzia Ahsen

Board Audit Committee

Mr. Asad Mujtaba Naqvi (Chairman)
Mr. S.M. Pervez Sadiq
Mr. Mudabbir Hussain

Human Resource & Remuneration Committee

Mr. Asad Mujtaba Naqvi (Chairman)
Syed Aamir Hussain
Mrs. Fabzia Ahsen

Chief Executive Officer

Syed Aamir Hussain

Legal Advisor

Mohsin Tayebaly & Co.

Chief Financial Officer

Syed Hashim Ali

Company Secretary

Mr. Waseem Ahmad

Banks

Habib Metropolitan Bank Ltd
Meezan Bank Limited
Bank Al – Habib Limited
Silk Bank Limited
Habib Bank Limited

Registrar and Share Transfer Office

Jwaffs Registrar Services (Pvt.) Ltd.
407-408, 4th Floor, Al Ameera Centre
Sharah-e-Iraq Karachi

Registered Office

3rd Floor, 75 East, Blue Area,
Fazal-ul-Haq Road, Islamabad
Pakistan

Corporate Office

7th Floor, World Trade Center, 10-Khayaban-
e-Roomi, Clifton, Karachi
Pakistan



Notice of Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting of the shareholders of the Company will be held on **Friday 27 October 2023 at 1200 hours, at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad** to transact the following business. Members are encouraged to attend the meeting through video conferencing:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on 28 October, 2022.
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 2023, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended 30 June 2023. As required under Section 223 of the Companies Act, 2017 and in terms of S.R.O No. 389(I)/2023 dated 01 March 2023, the financial statements can be viewed using the following link and QR enabled code:

<https://www.telecard.com.pk/financials/>



3. To appoint external auditors of the Company for the year ended 30 June 2024 and fix their remuneration present Auditors M/s Parker Russell - A.J.S., Chartered Accountants are retiring and being eligible offer themselves for reappointment.

Special Business

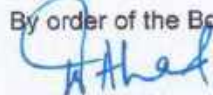
4. To approve, as and by way of an Ordinary Resolution, the transmission of the annual balance sheet, profit and loss account, auditors report, director report "the Audited Financial Statements" and the notice of general meetings etc. to the Company's shareholders through QR enabled code and weblink as allowed by the Securities & Exchange Commission of Pakistan via S.R.O No. 389(I)/2023 dated 21 March 2023.

"RESOLVED THAT as notified by the Securities and Exchange Commission of Pakistan via S.R.O No. 389(I)/2023 dated 21 March 2023 transmission of Audited Annual Financial Statements to the members through QR enabled code and weblink instead of transmitting the Audited Annual Financial Statements through CD/DVD/USB, be and is hereby ratified and approved for future."

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

This information is required under Section 134(3) of the Companies Act, 2017 is being provided along with the notice of the Annual General Meeting being sent to the shareholders.

By order of the Board


Waseem Ahmad
Director / Company Secretary

05 October, 2023

TELECARD LIMITED

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www.telecard.com.pk



Notes

1. Video Conference Facility can be availed by members of the Company. In this regard, please submit to the registered office address of the Company, the following request 10 days before holding the Annual General Meeting.

"I/We, _____ of _____, being a member of Telecard Limited, holder of _____ ordinary share(s) as per registered Folio / CDC Account No. _____ hereby opt for video conference facility at _____."
2. The Members Register will remain closed from the 21 October 2023 to 27 October 2023 (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 20 October 2023 will be considered in time for attending the meeting.
3. 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. Proxie 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.
4. 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.
5. 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.
6. Shareholders are requested to notify the Registrar as aforesaid of any change in their address.
7. Members who are holding share in physical folios are requested to submit a copy of their CNIC at the office of our Registrar.
8. Electronic Voting the members are hereby notified that pursuant to Section 143-145 of the Companies Act, 2017 and Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 5, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through the electronic voting facility and voting by post to the members on all businesses classified as special business. Accordingly, members of Telecard Limited (the "Company") will be allowed to exercise their right to vote through the electronic voting facility or voting by post for the special business in its 30th Annual General Meeting to be held on Friday, 27 October 2023 at 1200hrs in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. For the convenience of the Members, the ballot paper is annexed to this notice and the same is also available on the Company's website at www.telecard.com.pk for download.

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9. Procedure for E – Voting:

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on 20 October 2023.

(b) The web address, and login details, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal M/s Jwaffs Registrar Services Private Limited (being the e-voting service provider).

(c) Identity of the Members intending to cast a vote through e-Voting shall be authenticated through electronic signature or authentication for login.

(d) E-Voting lines will start on 24 October 2026, at 09:00 a.m. and shall close on 26 October 2023 at 05:00 p.m. Members can cast their votes at any time during this period. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

10. Procedure for Voting Through Postal Ballot:

(a) The members shall ensure that duly filled and signed ballot paper along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's address, 7th floor World Trade Centre, 10 Khayaban-e-Roomi, Block-5, Clifton, Karachi or email at ghufran_shaheer@telecard.com.pk by 26 October 2023 one day before the Annual General Meeting. The signature on the ballot paper shall match the signature on CNIC.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY TO BE HELD ON FRIDAY 27 OCTOBER 2023.

SPECIAL BUSINESS Agenda Item 4 – Transmission of Annual Report Including Notice of General Meetings

The Securities and Exchange Commission of Pakistan has allowed listed Companies, through its S.R.O No. 389(I)/2023 dated 21 March 2023 to circulate the Audited Annual Financial Statements to their Members through QR-enabled code and weblink instead of transmitting the Audited Annual Financial Statements through CD/DVD/USB. The Company shall circulate Audited Annual Financial Statements through email address in case it has been provided by the member to the Company, and upon demand, supply hard copies of the Audited Annual Financial Statements to the shareholders free of cost.

None of the Directors of the Company have any direct or indirect interest in this special business.

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POSTAL BALLOT PAPER

or voting through post for the Special Business at the 30th Annual General Meeting to be held on Friday 27 October 2023 at 1200 hours, at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad Email Address: ghufran_shaheer@telecards.com.pk
Website: <https://www.telecards.com.pk/>

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

Resolution on Agenda Item No. 04: Transmission of Annual Report including Notice of General Meetings

To approve, as and by way of an Ordinary Resolution, the transmission of the annual balance sheet, profit & loss account, auditors report, directors report (the "Audited Annual Financial Statements") and the notice of general meetings etc. to the Company's shareholders through email or QR enabled code and weblink as allowed by the Securities and Exchange Commission of Pakistan via S.R.O No. 389(I)/2023 dated 21 March 2023:

"RESOLVED THAT as notified by the Securities and Exchange Commission of Pakistan via S.R.O No. 389(I)/2023 dated 21 March 2023 transmission of Audited Annual Financial Statements to the members through QR enabled code and weblink instead of transmitting the Audited Annual Financial Statements through CD/DVD/USB, be and is hereby ratified and approved for future."

Instructions For Poll

1. Please indicate your vote by ticking (✓) the relevant box.
2. In case if both the boxes are marked as (✓), you poll shall be treated as **"Rejected"**.

I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below:

Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Resolution For Agenda Item No. 4		

1. Dully filled ballot paper should be sent to the Company Secretary of Telecards Limited at 7th Floor, Tower A, World Trade Center, Khayabane-Roomi, Block-5, Clifton, Karachi South, Sindh 75600 or e-mail at ghufran_shaheer@telecards.com.pk
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before **Thursday, 26 October 2023**. Any postal Ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/ Passport. (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot Paper form has also been placed on the website of the Company at: www.telecards.com.pk. Members may download the Ballot paper from the website or use an original/photocopy published in newspapers.

Date

Shareholder / Proxy holder Signature/Authorized Signatory (In case of corporate entity, please affix company stamp)			
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Directors' Report

The Board of Directors of Telecard Limited are pleased to present the Financial Statements and review of your Company's performance for the year ended 30 June 2023.

Market Overview

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

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

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

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

Financial Performance

	Standalone (Rs. In '000)		Consolidated (Rs. In '000)	
	FY 22-23	FY 21-22	FY 22-23	FY 21-22
Revenue	1,768	1,497	5,688	4,427
Gross profit	719	527	1,847	1,574
EBITDA	342	184	841	870
Net Profit	136	298	324	422
EBITDA Per Share	1.01	0.54	2.48	2.57
EPS	0.40	0.88	0.85	1.23

Taking advantage of continued growth seen in digital eco system, the Company and its subsidiaries posted healthy gains in revenues

On a consolidated basis, the Company has reported a profit after taxation of Rs. 324 million as against a profit of Rs. 422 million during the corresponding financial period. The earning per share stood at Rs. 0.85 compared to a profit per share of Rs. 1.23 in preceding twelve months. The company was able to manage to increase the revenue mix with those projects that carry a higher margin percentage, rationalize direct costs, however, the increase in the electricity charges and depreciating rupee against the dollar were the reasons behind the decrease in the EPS figure compared to that of last year.

On a standalone basis the revenue for the period ended 30 June 2023 was Rs. 1,768 million as against the revenue of Rs. 1,497 million for the corresponding financial year, the increase in revenue is mainly attributed to the increase in revenues from Value Added Services (VAS). Your

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Company's direct cost was higher when compared with similar period of the preceding financial year due to increase in VAS charges. The Company has posted Gross Profit of Rs. 719 million compared to a Gross Profit of Rs. 527 million in the corresponding time frame due to the foregoing reasons.

The Company reported a profit after taxation of Rs. 136 million as against a profit after taxation of Rs. 298 million during the corresponding financial year. The earning per share stood at Rs. 0.40 compared to a profit per share of Rs. 0.88 in the last time frame.

Future Outlook - Challenges and Way Forward

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

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

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

Non-Executive Director Remuneration Policy

The Company has a remuneration policy for its Non-Executive Directors, and the same is being implemented during the financial year.

Listed Companies (Code of Corporate Governance) Regulations, 2019

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

Risk Management

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

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

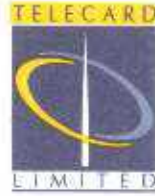
During the year under review the Company did not undertake any social responsibility activity.

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Transfer Pricing

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

Directors Declaration on Corporate and Financial Reporting Framework

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

- i. The financial statements prepared by the management of Telecard Limited presents fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- ii. Proper books of accounts of Telecard Limited have been maintained.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There is no doubt at all upon Telecard's ability to continue as a going concern.
- vii. The values of investments in employee retirement funds based on the unaudited accounts as of 30 June 2023 is Rs. 113 million of Staff Provident Fund.
- viii. There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

Other Information

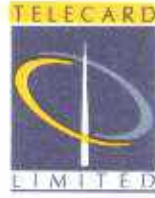
- i. Key operating and financial data for the last six years in summarized form is given.
- ii. There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in the Financial Statements.

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

Name of Directors	No. of meetings attended
S. M. Pervez Sadiq	4
Syed Aamir Hussain	4
Syed Hashim Ali	4
Mudabbir Hussain	4
Waseem Ahmad	4
Asad Mujtaba Naqvi	4
Fabzea Ahsen	4

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

Name of Directors	No. of meetings attended
Mudabbir Hussain	4
S.M. Pervez Sadiq	4
Asad Mujtaba Naqvi	4

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

Consolidated Financial Statements

Consolidated Financial Statements of the Company as on 30 June 2023 are annexed.

Auditors

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

Dividends

The Company has not declared any dividend.


Pattern of Shareholding

The pattern of shareholding as on 30 June 2023 is annexed to this report.

Acknowledgement

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

On behalf of the Board


Syed Aamir Hussain
Director / Chief Executive Officer


Waseem Ahmad
Director / Company Secretary

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Chairman's Review Report

Introduction

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

Financial Performance

I am pleased to report the performance of Telecard Limited and its subsidiaries (the group) for the financial year ended 30 June 2023. The times are competitive and the Company operates amidst intense competition within the Telecom Industry. The revenue posted for the year ended 30 June 2023 was Rs. 1.768 billion as compared to Rs. 1.497 billion for the preceding financial year. The increase in revenue streams is partly due to higher sales seen in Value Added Services.

On a consolidated basis the Company posted revenue of Rs. 5.688 billion as compared to 4.427 billion in the preceding financial year, the operating profit was reported at Rs. 563 million, as compared to Rs. 852 million for the corresponding time frame.

Composition of the Board

The current composition of the Board is a varied mix of rich experience in the field of business, finance, marketing and compliances. The Board is responsible for providing strategic directions to the management, and execution thereof is diligently done by the management of the Company.

Board Committees

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

Financial Reporting

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

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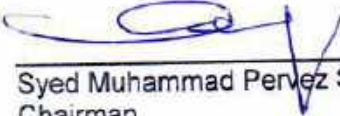


Internal control

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

Going Concern

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


Syed Muhammad Pervez Sadiq
Chairman

October, 05 2023

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تعارف

بورڈ کی قیادت اور کامیابی بنیادی طور پر چیئر مین کی ذمہ داری ہے۔ ہم کمپنی کی ضروریات اور اپنے تمام اسٹیک ہولڈرز کے مفادات کے مطابق کارپوریٹ گورننس کے اعلیٰ معیارات کی اہمیت کو تسلیم کرتے ہیں اور ان کے لیے پرعزم ہیں۔ کمپنی کے بہترین انداز میں نظم و ضبط بالخصوص بورڈ کی افادیت اور گروپ کو درپیش خطرات سے بچاؤ کے انتظام کی موثر کارکردگی کی اہمیت کیلئے میں اور میرے شریک ڈائریکٹرز بھر پور معترف ہیں۔

مالیاتی کارکردگی

میں انتہائی مسرت کے ساتھ ٹیلی کارڈ لمیٹڈ اور اس کے ذیلی اداروں (گروپ) کی 30 جون 2023 کو ختم ہونے والے مالی سال کی کارکردگی پیش کر رہا ہوں۔ دور مسابقتی ہے اور کمپنی ٹیلی کام انڈسٹری میں شدید مسابقت کے مابین کام کر رہی ہے۔ 30 جون 2023 کو ختم سال کے لیے گزشتہ لی سال کے 1.497 بلین روپے کے مقابلے میں 1.768 بلین روپے آمدنی ریکارڈ کی۔ آمدن میں اضافہ جزوی طور پر ویلیو ایڈڈ سروسز میں زائد فروخت کی بدولت ہے۔ کمپنی نے گزشتہ مالی سال کے 4.427 بلین کے مقابلے، مجموعی بنیاد پر 5.688 بلین روپے کی آمدنی ریکارڈ کی۔ انتظامی منافع 563 بلین روپے رہا، جو کہ اسی مدت کے لیے 852 بلین روپے تھا۔

بورڈ کی تشکیل

بورڈ کی موجودہ تشکیل کاروبار، مالیات، مارکیٹنگ اور تعمیل کے شعبہ میں بھرپور تجربے کا متنوع مجموعہ ہے۔ بورڈ انتظامیہ کو اسٹریٹجک ہدایات کی فراہم کرنے اور کمپنی کی انتظامیہ کی جانب باقاعدگی سے بروقت انجام دہی کا ذمہ دار ہے۔

مالیاتی رپورٹنگ

بورڈ کمپنی کی پوزیشن اور امکانات کا منصفانہ، متوازن اور قابل فہم جائزہ پیش کرنے کی اپنی ذمہ داری کو تسلیم کرتا ہے۔ رپورٹنگ کے تسلسل کو یقینی بنانے کیلئے گروپ نے ایک مستحکم عمل کے ساتھ ہی مالیاتی اور آپریشنل طریقہ کار کا دستور العمل تشکیل دیا ہے۔ انتظامیہ رپورٹنگ کے جدید معیارات کی اشاعت پر نظر رکھتی ہے اور ان معیارات کے ممکنہ اثرات کا جائزہ لینے میں قانونی آڈیٹرز کی معاونت سے مل کر کام کرتی ہے۔

اندرونی کنٹرول

بورڈ آف ڈائریکٹرز، گروپ کے داخلی دائرہ کار کے نظام کا حتمی ذمہ دار کے طور پر، ایک داخلی مالیاتی انضباط کی ساخت قائم کی ہے جس کا مقصد بورڈ کو مالیاتی ریکارڈ کی معقولیت، تازگی اور موثریت پر انحصار کرنے کے قابل بنانا ہے۔ اندرونی کنٹرول کی ساخت بنیادی طور پر مالیاتی رپورٹنگ، آپریشنل کنٹرول، ٹریڈری، اندرونی جانچ پڑتال اور ملازمین کی ایمانداری پر مبنی ہے۔

حالیہ ذمہ داری

ڈائریکٹرز، مالیاتی گوشواروں کی منظوری کے موقع پر ایک معقول توقع رکھتے ہیں کہ کمپنی اور گروپ کے پاس مذکورہ گوشواروں کی منظوری کی تاریخ سے 12 ماہ تک آپریشن جاری رکھنے کیلئے موزوں وسائل موجود ہیں۔ اسی وجہ سے، وہ مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی فکری بنیاد کو منظور کرتے ہیں۔



سید محمد پرویز صادق
چیئر مین

TELECARD LIMITED SIX YEAR FINANCIAL SUMMARY (FINANCIAL ANALYSIS)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Revenue - Net	1,767,860	1,496,743	1,213,600	1,183,279	1,091,181	877,852
Direct costs	<u>(1,049,232)</u>	<u>(969,466)</u>	<u>(651,132)</u>	<u>(654,990)</u>	<u>(651,523)</u>	<u>(558,354)</u>
Gross profit	718,628	527,277	562,468	528,289	439,658	319,498
Distribution costs & administrative expenses	(493,727)	(428,821)	(385,727)	(331,664)	(273,440)	(858,010)
Other operating expenses	-	4,131	(1,742)	(179,111)	(265,235)	-
Other operating income	13,286	497,887	256,477	30,295	163,911	501,094
Liabilities no longer payable written back	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(480,441)</u>	<u>73,198</u>	<u>(130,992)</u>	<u>(480,480)</u>	<u>(374,764)</u>	<u>(356,916)</u>
Operating (loss) / Profit	238,187	600,475	431,476	47,809	64,894	(37,418)
Finance Costs	<u>(112,300)</u>	<u>(73,542)</u>	<u>(70,989)</u>	<u>(122,403)</u>	<u>(79,039)</u>	<u>(56,801)</u>
(Loss) / Profit before taxation	125,887	526,933	360,487	(74,594)	(14,145)	(94,219)
Taxation	<u>10,232</u>	<u>(229,236)</u>	<u>(87,359)</u>	<u>(34,694)</u>	<u>(46,224)</u>	<u>(34,468)</u>
(Loss) / Profit after taxation	136,119	297,697	273,128	(109,288)	(60,369)	(128,687)
Other comprehensive income / (loss)		-	-	-	-	(1,995)
		Restated				
(Loss) Earning per share (Rupees)	<u>0.40</u>	<u>0.88</u>	<u>0.91</u>	<u>(0.36)</u>	<u>(0.20)</u>	<u>(0.43)</u>



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

**TELECARD LIMITED
Year Ending: June 30, 2023**

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

1. The total number of Directors are 07 as follows:
 - a) Male: 06
 - b) Female: 01

2. The Composition of Board is as follows:

Category	Names
Independent Director*	Mr. Asad Mujtaba Naqvi
	Mrs. Fabzia Ahsen
Non-Executive Director	Syed Muftammad Pervez Sadiq
	Mr. Mudabbir Hussain
Executive Directors**	Syed Aamir Hussain
	Mr. Waseem Ahmad
	Syed Hashim Ali
Female Director	Mrs. Fabzia Ahsen

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

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

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this, Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

TELECARD LIMITED

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9. During the year the Company has arranged Director's Training Program for the following:

Name of Director	Designation
Mr. Asad Mujtaba Naqvi	Independent Director
Mr. Mudabbir Hussain	Non-Executive Director

10. During the year, there has been no change in the position and terms and conditions of employment of the Company Secretary and Chief Financial Officer. However, the Company is in the process of appointing Head of Internal Audit who has resigned during the year.

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

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

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

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

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

14. The frequency of meetings of the committee were as per following.

Board Audit Committee	Quarterly
Human Resource & Remuneration Committee	Annually

15. The Board has set up an internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. However, during the year, Head of internal Audit resigned and the management has nominated Mr. Zakir Hussain as acting Head of Internal Audit.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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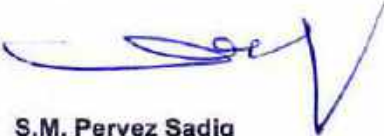
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17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 27, 32, 33 and 36 of the Regulations have been complied with except for the following.

Reg no.	Section.	Regulation	Explanation
8	1	The number of Executive Directors on the Board, including the Chief Executive Officer, exceeds the limit prescribed by Regulation No 8.	Efforts are underway to decrease the number of Executive Directors as prescribed by the Regulations.
19	9	All of the Directors on the Board shall acquire prescribed certification under any Director Training Program as per the criteria specified in Regulation No 19 (1) (ii).	During the succeeding year, two Directors from the Board have successfully attended DTP. Hence, the Board is completely DTP certified as of the date below.


S.M. Pervez Sadiq
Chairman




Syed Aamir Hussain
Director/Chief Executive Officer

October 05, 2023

TELECARD LIMITED

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Auditor's Review Report to the Members of Telecard Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Telecard Limited** (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations, 2019 as disclosed in the para 18 of the Statement of Compliance:

S.No	Description
1	The number of Executive Directors on the Board, including the Chief Executive Officer, exceeds the limit prescribed by Regulation No 8.
2	The Company is striving hard to achieve compliance under Director Training Program as per the criteria specified in Regulation No 19 (1) (ii) and during the succeeding year, two Directors from the Board have successfully attended DTP.



(Chartered Accountants)

Place: Karachi

Date: October 05, 2023

UDIN: CR202310192CSUQkNcnV

**Independent Auditor's Report to the Members of Telecard Limited
Report on the Audit of the Unconsolidated Financial Statements**

Opinion

We have audited the annexed unconsolidated financial statements of **Telecard Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We further draw attention to the contents of:

- i. note 15.1 (a) to the accompanying unconsolidated financial statements in respect of the lawsuit filed by the Company during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made for the remaining sum of Rs. 349.954 million in the accompanying unconsolidated financial statements which reflects amount determined under the most favorable alternative by a firm of Chartered Accountants appointed in accordance with the direction of the Court. As the Court already passed an interim order in August 2001 in favour of the Company, the management and legal advisor of the Company is confident that the recovery of the amount accrued would be as prayed by the Company;
- ii. note 15.1 (b) to the accompanying unconsolidated financial statements with regard to a lawsuit filed by the PTCL against the Company during the year ended June 30, 2002. Pending a final decision, the Company has not made any provision in the accompanying unconsolidated financial statements for the amount claimed by the PTCL. As per legal advisor there is likelihood that the plaintiff will not succeed in its claim in this suit;





- iii. note 15.2 to the accompanying unconsolidated financial statements in respect of the Pakistan Telecommunication Authority’s claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,565.589 million in the accompanying unconsolidated financial statements in consultation with the legal advisor and the amount refundable to the Company in case of a successful outcome of its appeal is Rs. 1,547.559 million; and
- iv. notes 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 above matters.

Key Audit Matters

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

Following are the key audit matters

Key audit matters	How the matter was addressed in our audit
<p>1. Revenue recognition</p> <p>The Company has reported revenue amounting to Rs. 1,767.860 million during the year ended June 30, 2023.</p> <p>The Company provide telecommunication and allied services in which there is an inherent risk around the accuracy of revenue recorded given the complexity involved and managing and processing large volume of data.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators and gives rise to an inherent risk that revenue could be subject misstatement to meet expectations or targets.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of transactions recorded during the year with relevant underlying supporting documents (sales orders, slab rates, call detail record report, invoices, bills etc.,) for both international and local customers; • authorisation of slab rates and reports of call record for incoming international / local traffic. • recalculated the revenue based on the prevailing exchange rates and other input parameters i.e., minutes as per CDR to ensure accuracy; • inspecting manual journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria;



Key audit matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and • assessed the appropriateness of disclosures made in the unconsolidated financial statements related to revenue.
<p>2. Contingencies</p> <p>As at June 30, 2023, the Company has contingencies in respect of various regulatory and legal suites against the Company, which are pending in different courts as disclosed in note 25 of the unconsolidated financial statements.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the unconsolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> • assessed management’s processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee; • reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations; • obtained confirmation from the legal counsel and tax advisor of the Company to evaluate the status of the pending litigations and view point of the Company’s legal counsel thereon; • examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed; and • assessed the appropriateness of the related disclosures made in the accompanying unconsolidated financial statements in light of IAS-37 “Provisions and Contingencies”.

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

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in independent auditor's report is Mr. Muhammad Shabbir Kasbati.

(Chartered Accountants)

Date: October 05, 2023


Karachi.

UDIN: AR202310192rfPAnZ0Fs


Telecard Limited
Unconsolidated Statement of Financial Position
As at June 30, 2023

	Note	June 30, 2023 — (Rupees in '000)' —	June 30, 2022
Assets			
Non-current assets			
Property, plant and equipment	5	300,503	356,005
Intangible assets	6	2,087	4,041
Right-of-use assets	7	9,612	21,763
		<u>312,202</u>	<u>381,809</u>
Long term investments	8	310,266	310,266
Long term deposits	9	52,113	57,613
Deferred taxation	10	157,529	105,961
		<u>832,110</u>	<u>855,649</u>
Current assets			
Trade debts	11	691,127	472,705
Loans and advances	12	15,065	69,072
Deposits and prepayments	13	52,276	47,435
Accrued mark-up	14	9,116	30,328
Other receivables	15	2,654,696	2,627,816
Taxation – net	16	85,880	82,979
Bank balances	17	34,605	4,231
		<u>3,542,765</u>	<u>3,334,566</u>
Total assets		<u><u>4,374,875</u></u>	<u><u>4,190,215</u></u>

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


Chief Executive Officer


Chief Financial Officer


Director

Telecard Limited
Unconsolidated Statement of Financial Position
As at June 30, 2023

	June 30, 2023	June 30, 2022
Note	--- (Rupees in '000') ---	
Equity and liabilities		
Share capital and reserves		
Authorized share capital 400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10/- each	<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up share capital	18 3,386,250	3,150,000
Accumulated loss	<u>(610,177)</u>	<u>(510,046)</u>
	2,776,073	2,639,954
Non-current liabilities		
Long term financing	19 617,718	696,797
Lease liabilities	20 1,878	9,546
Deferred liabilities	21 6,723	5,517
	626,319	711,860
Current liabilities		
Trade and other payables	22 714,035	655,149
Unclaimed dividend	4,394	4,394
Accrued mark-up	23 75,342	64,299
Current portion of long term finance and lease liabilities	24 178,712	114,559
	972,483	838,401
Contingencies & commitments	25	
Total equity and liabilities	<u>4,374,875</u>	<u>4,190,215</u>

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

~~Chief Executive Officer~~

Chief Financial Officer

Director

Telecard Limited
Unconsolidated Statement of Profit or Loss
For the year ended June 30, 2023

	Note	June 30, 2023 --- (Rupees in '000) ---	June 30, 2022
Revenue - net	26	1,767,860	1,496,743
Direct costs	27	<u>(1,049,232)</u>	<u>(969,466)</u>
Gross profit		718,628	527,277
Administrative expenses & distribution costs	28	<u>(493,727)</u>	<u>(428,821)</u>
Other income	29	<u>13,286</u>	<u>502,018</u>
		<u>(480,441)</u>	<u>73,197</u>
Operating profit		238,187	600,474
Finance costs	30	<u>(112,300)</u>	<u>(73,542)</u>
Profit before taxation		125,887	526,932
Taxation	31	<u>10,232</u>	<u>(229,235)</u>
Profit after taxation		<u>136,119</u>	<u>297,697</u>
			Restated
Earnings per share - basic and diluted (Rs)	32	<u>0.40</u>	<u>0.88</u>

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


Chief Executive Officer


Chief Financial Officer


Director


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Telecard Limited
Unconsolidated Statement of Comprehensive Income
For the year ended June 30, 2023

	June 30, 2023	June 30, 2022
	--- (Rupees in '000') ---	
Net profit for the year	136,119	297,697
Other comprehensive income	-	-
Total comprehensive income for the year	<u>136,119</u>	<u>297,697</u>

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


Chief Executive Officer


Chief Financial Officer


Director


Telecard Limited
Unconsolidated Statement of Changes in Equity
For the year ended June 30, 2023

	Issued, subscribed and paid-up share capital	Accumulated loss	Total
	---- (Rupees in '000') ----		
Balance as at July 01, 2021	3,000,000	(657,743)	2,342,257
Issuance of bonus shares	150,000	(150,000)	-
Net profit for the year	-	297,697	297,697
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	297,697	297,697
Balance as at June 30, 2022	3,150,000	(510,046)	2,639,954
Issue of bonus shares	236,250	(236,250)	-
Profit after taxation	-	136,119	136,119
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	136,119	136,119
Balance as at June 30, 2023	<u>3,386,250</u>	<u>(610,177)</u>	<u>2,776,073</u>

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

~~Chief Executive Officer~~


Chief Financial Officer


Director

Telecard Limited
Unconsolidated Statement of Cash Flows
For the year ended June 30, 2023

	June 30, 2023	June 30, 2022
Note	--- (Rupees in '000') ---	
Cash flows from operating activities		
Cash generated from operations	205,245	21,669
Income tax paid	(44,240)	(33,206)
Finance costs paid	(6,814)	(3,552)
Retirement benefits paid	-	(250)
Net cash generated from / (used in) operating activities	154,191	(15,339)
Cash flows from investing activities		
Additions to fixed assest	(12,941)	(11,537)
Interest income received	3,147	4,073
Proceeds from disposal of fixed assest	2,800	7,425
Proceeds from disposal of long-term investment	-	194,421
Net cash used in investing activities	(6,994)	194,382
Cash flows from financing activities		
Repayment of diminishing musharakah facility	(24,000)	(24,200)
Repayment of term finance certificates	(73,619)	(140,192)
Lease rentals against right-of-use assets	(19,205)	(16,988)
Net cash used in financing activities	(116,824)	(181,380)
Net increase / (decrease) in cash and cash equivalents	30,374	(2,337)
Cash and cash equivalents at the beginning of the year	4,231	6,569
Cash and cash equivalents at the end of the year	34,605	4,231

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


Chief Executive Officer


Chief Financial Officer


Director

Telecard Limited
Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2023

1. THE COMPANY AND ITS OPERATIONS

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations does not have significant impact on the financial statements.

GOVSI

	Period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
b) Amendments to published accounting and reporting standards that are not yet effective:	
There are certain amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these financial statements.	
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023
c) New standards and interpretations which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):	

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

3.1 Significant accounting judgments, estimates and assumptions

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

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

	Note
Determining the residual values and useful lives of property and equipment and intangible assets	4.1.1, 4.1.2, 5 & 6
Provision for doubtful debts and other receivables	4.4, 11 & 15
Accounting for staff retirement benefits	4.12 & 22
Recognition of tax and deferred tax	4.6, 10 & 32
Other provisions and contingent liabilities	4.9, 4.19 & 26
Determining the lease term of contracts with renewal and termination options	4.15 & 21

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Fixed assets

4.1.1 Property, plant and equipment

Operating fixed assets - owned

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

Subsequent costs, if reliably measurable, 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.

GAAS

Capital work-in-progress

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

Leased

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

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

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

Capital work-in-progress

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

4.1.2 Intangible assets and amortisation

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

4.2 Right of use asset

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

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

4.3 Investments**Subsidiary companies**

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

4.4 Trade debts and other receivables

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

4.5 Loans and advances

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

4.6 Taxation**Current**

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

Deferred

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

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

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

4.7 Cash and cash equivalents

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

4.8 Trade and other payables

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

4.9 Provisions

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

4.10 Financial instruments

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

4.10.1 Initial measurement of financial assets

The Company classified its financial assets into the following categories:

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

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

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

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and; (Business Model test)
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principle and Interest thereon. (SPPI test)

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

4.10.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

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

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

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

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

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

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

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

4.10.3 Derecognition of financial assets

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

4.10.4 Financial liabilities

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

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4.10.5 Loans and borrowings

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

4.10.6 Derecognition of financial liabilities

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

4.10.7 Offsetting financial assets and financial liabilities

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

4.11 Loss allowance for ECL / impairment**Financial assets**

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

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

Non-financial assets

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

4.12 Employees' retirement benefits**Defined benefit plan**

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

Defined contribution plan

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

4.13 Foreign currency translation

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

4.14 Borrowing costs

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

4.15 Lease liability against ROU assets

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

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

4.16 Revenue

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

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

4.17 Interconnect charges and liability

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

4.18 Dividend distribution and transfer between reserves

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

4.19 Other provisions and contingent liabilities

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

4.20 Earning per share

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

4.21 Related party transactions

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

Following are the related parties of the Company:

Names of related party	Basis of relationship	(%) of shareholding
Supernet Limited	Subsidiary company (<i>direct</i>)	81.18%
Supernet E-Solutions (Private) Limited	Subsidiary company (<i>indirect</i>)	81.18%
Supernet Secure Solutions	Subsidiary company (<i>indirect</i>)	64%
Supernet Infrastructure Solutions (Private) Limited	Subsidiary company (<i>Indirect</i>)	81.18%
Phoenix Global ZSE	Subsidiary company (<i>indirect</i>)	81.18%
Telegateway Limited	Wholly owned subsidiary	100%
Nexus Communication (Private) Limited	Wholly owned subsidiary	100%
Glitz Communication (Private) Limited	Wholly owned subsidiary	100%
Globetech Communication (Private) Limited	Wholly owned subsidiary	100%
Shams ul Arfeen	Key management personnel	-
Syed Aamir Hussain	Key management personnel	-
Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Mr. Mudabbir Hussain	Key management personnel	-
Syed Muhammad Asim	Key management personnel	-

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June 30, June 30,
2023 2022
Note
--- (Rupees in '000') ---

5.1 300,503 356,005

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - owned

5.1 Operating fixed assets

	Cost				Accumulated depreciation			W.D.V.		
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year	Disposals during the year		As at June 30, 2023	As at June 01, 2023
	--- (Rs. in '000') ---									
Owned										
Freehold land	3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land	625	-	-	625	623	-	-	623	2	-
Apparatus, plant & equipment	6,170,142	11,128	-	6,181,270	5,831,289	66,024	-	5,897,313	283,957	5-33%
Sign boards	30,875	-	-	30,875	30,875	-	-	30,875	-	-
Furniture, fixtures & equipment	50,985	616	-	51,601	47,554	578	-	48,132	3,469	10%
Computers & accessories	76,020	1,197	(50)	77,167	72,890	1,824	(50)	74,664	2,503	33%
Vehicles	23,729	-	(1,864)	21,865	16,160	17	(1,864)	14,313	7,552	20%
	<u>6,355,396</u>	<u>12,941</u>	<u>(1,914)</u>	<u>6,366,423</u>	<u>5,999,391</u>	<u>68,443</u>	<u>(1,914)</u>	<u>6,065,920</u>	<u>300,503</u>	

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

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

5.1.1 Freehold land and building on freehold land is situated at Regional Engineering Office, near gatwala bridge, Sheikhpura 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, 2023 is Rs. 5,564 million (2022: Rs. 5,444 million)

5.1.3 Depreciation for the year has been allocated as follows:

	June 30, 2023	June 30, 2022
Direct costs	27	56,030
Administrative & distribution costs	28	2,287
	<u>68,443</u>	<u>58,317</u>

Note --- (Rupees in '000') ---

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

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
Vehicles	1,864	1,864	-	2,240	2,240	Negotiation	Shams ur Arfreen
Total	1,864	1,864	-	2,240	2,240		

(Rs. in '000')

Boys

6. INTANGIBLE ASSETS

Note	Cost			Amortisation		W.D.V. as at June 30, 2023	Period (years)
	As at July 01, 2022	As at June 30, 2023	Addition/ (Disposal)	As at July 01, 2022	Charge for the year		
	(Rs. in '000')						
6.1	8,120	8,120	-	7,308	406	7,714	20
6.2	29,029	29,029	-	25,800	1,548	27,348	20
	37,149	37,149	-	33,108	1,954	35,062	2,087
Note	Cost			Amortisation		W.D.V. as at June 30, 2022	Period (years)
	As at July 01, 2021	As at June 30, 2022	Addition/ (Disposal)	As at July 01, 2021	Charge for year		
	(Rs. in '000')						
6.1	8,120	8,120	-	6,902	406	7,308	20
6.2	29,029	29,029	-	24,252	1,548	25,800	20
	37,149	37,149	-	31,154	1,954	33,108	4,041

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

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

	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
7. RIGHT-OF-USE ASSETS			
As at July 01			
Cost		83,538	83,538
Accumulated depreciation		(61,775)	(48,295)
Net book value		<u>21,763</u>	<u>35,243</u>
Year ended June 30			
Opening net book value		21,763	35,243
Depreciation for the year	27	(12,151)	(13,480)
Closing net book value		<u>9,612</u>	<u>21,763</u>
As at June 30			
Cost		83,538	83,538
Accumulated depreciation		(73,926)	(61,775)
Net book value		<u>9,612</u>	<u>21,763</u>
8. LONG-TERM INVESTMENTS			
Subsidiary companies - at cost	8.1	311,066	311,066
Others - at cost	8.2	300,449	300,449
		611,515	611,515
Less: provision for impairment	8.3	(301,249)	(301,249)
		<u>310,266</u>	<u>310,266</u>
8.1 Subsidiary companies			
Quoted			
Supernet Limited		310,266	310,266
91,107,611 (2022: 100,000,000*) ordinary shares of Rs. 10/- each			
Unquoted			
Telegateway Limited		500	500
50,000 (2022: 50,000) ordinary shares of Rs. 10/- each			
Nexus Communication (Private) Limited		100	100
10,000 (2022: Rs. 10,000) ordinary shares of Rs. 10/- each			
Glitz Communication (Private) Limited		100	100
10,000 (2022: Rs. 10,000) ordinary shares of Rs. 10/- each			
Globetech Communication (Private) Limited		100	100
10,000 (2022: Rs. 10,000) ordinary shares of Rs. 10/- each			
		<u>800</u>	<u>800</u>
		<u>311,066</u>	<u>311,066</u>
8.2 Others - at cost			
Augere Holding			
Class A preference ordinary shares each.		300,449	300,449
8.2.1 Disclosures in respect of foreign investment as required by Companies Act, 2017 are as follows:			
Name	Augere Holdings		
Jurisdiction	Prins Bernhardplein 200 Amsterdam, 1097 JB Netherlands		
Date of investment	February 24, 2012		
Beneficial owner	Not available		
Investment in foreign currency	USD 5.305 million against issuance of credit note		

	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000') ---	
8.3	The movement in provision for impairment during the year is as follows:		
	Balance at beginning of the year	301,249	481,430
	Reversal of provision on disposal of investment during the year	-	(180,181)
	Balance at end of the year	<u>301,249</u>	<u>301,249</u>
9.	LONG TERM DEPOSITS		
	Security deposits - considered good		
	Line deposits – PTCL	44,315	44,315
	Rented premises	3,018	3,018
	Guarantee margin	3,600	9,100
	Others	1,180	1,180
		<u>52,113</u>	<u>57,613</u>
10.	DEFERRED TAXATION		
	Deferred tax credits arising on		
	Accelerated tax depreciation	(10,104)	(28,634)
	Remeasurement of liability	(1,340)	(29,304)
	Amortisation of intangible assets	(297)	(1,172)
		(11,741)	(59,110)
	Deferred tax debits arising from		
	Short term provisions	142,150	155,848
	Retirement benefits	957	1,600
	Leases	267	7,623
	Tax losses brought forward	24,899	-
		<u>168,273</u>	<u>165,070</u>
		<u>157,529</u>	<u>105,961</u>
11.	TRADE DEBTS		
	Unsecured - considered good		
	Other	691,127	472,705
	Considered doubtful trade debts	51,388	24,542
	Loss allowance for ECLs	(51,388)	(24,542)
		-	-
		<u>691,127</u>	<u>472,705</u>
11.1	Loss allowance for ECL		
	Balance as at July 01	24,542	24,542
	Loss allowance charged for the year	26,846	-
	Balance as at June 30	<u>51,388</u>	<u>24,542</u>
11.2	As at June 30, 2023, the ageing analysis of un-impaired trade debts is as follows:		

	Total	Neither past due nor impaired	Past due but not impaired	
			> three months upto one year	Above one year
----- (Rupees in '000') -----				
Others	691,127	223,662	26,240	441,225
June 30, 2023	<u>691,127</u>	<u>223,662</u>	<u>26,240</u>	<u>441,225</u>

	Total	Neither past due nor impaired	Past due but not impaired	
			> three months upto one year	Above one year
	(Rupees in '000')			
Others	472,705	410,450	31,234	31,021
June 30, 2022	472,705	410,450	31,234	31,021
			June 30, 2023	June 30, 2022
			---- (Rupees in '000') ----	
12. LOANS AND ADVANCES				
Loans- unsecured considered good				
World Trade Center (Private) Limited	12.1	-		30,000
Advances – unsecured considered good				
Executives	12.2		4,266	6,757
Employees			4,897	4,682
Suppliers			5,902	27,633
			15,065	39,072
			15,065	69,072
12.1 During the year short term loan has been adjusted against the rent payable in accordance with the memorandum of understanding signed between both parties.				
12.2 The maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 4.2 million (2022: Rs. 6.75 million).				
			June 30, 2023	June 30, 2022
			---- (Rupees in '000') ----	
13. DEPOSITS AND PREPAYMENTS				
Deposits				
Others			18,695	18,695
Prepayments				
Interconnect operators			14,771	6,706
Rent			18,108	18,518
Others			702	3,516
			33,581	28,740
			52,276	47,435
14. ACCRUED MARK-UP				
Mark-up on loan to third parties			9,116	30,328

	Note	June 30, 2023	June 30, 2022
---- (Rupees in '000') ----			
15. OTHER RECEIVABLES			
Consider good			
Karachi Relief Rebate Package	15.1 (a)	349,954	349,954
Due from PTCL against ICH		96,041	96,041
In Escrow account with PTA		352,594	352,594
Pakistan Telecommunication Authority- APC for USF	15.2	1,547,559	1,547,559
Pakistan Telecommunication Authority- ARFSF	15.3	118,135	118,135
Pakistan Telecommunication Authority- others	15.4	117,197	117,197
Claim against a bank	15.5	998	998
Due from a contractor		3,493	3,212
Punjab Revenue Authority (PRA)	15.6	34,956	34,956
Others		33,769	7,170
		<u>2,654,695</u>	<u>2,627,816</u>
Considered doubtful			
Receivable from PTA		76,428	76,428
Due from PTCL against WPS	15.7	243,890	243,890
		320,318	320,318
Loss allowance for receivables considered doubtful	15.8	(320,318)	(320,318)
		<u>2,654,695</u>	<u>2,627,816</u>

15.1 (a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Company in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.280 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.930 million. The Court, during the year ended June 30, 2002, passed an interim order in favour of the Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, determination under the most favorable alternative amounted to Rs. 349.954 million, for the period commencing January 1997 to August 2001.

As the Court already passed an interim order in August 2001 in favour of the Company, the management and legal advisor of the Company is confident that the recovery of the amount accrued would be as prayed by the Company.

15.1 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs. 334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Company. In the opinion of the legal advisor of the Company, if it is decided by the Court that the Company is not entitled to the Karachi Relief Rebate and the decision in this case is against the Company, then the Company would have to pay only the above amount on account of Karachi Relief Rebate. If however, it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Company to PTCL, but in fact the Company would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above referred legal advisor there is likelihood that the Plaintiff will not succeed in its claim in this suit.

Accordingly, pending the decision of the Court in this respect, the Company has not made any provisions for the aforesaid claim in these unconsolidated financial statements. The Court, in its order dated June 25, 2003 ordered the Company not to create third party interest on its fixed assets as well as undertaking except in the ordinary course of business till the disposal of the case.

- 15.2 The Company, along with certain other LDI licensees had challenged the vires of AP Rules, 2004 and AP Regulations, 2005 (AP Rules and Regulations) which required the LDI operators to make Access Promotion Contributions to the Universal Service Fund (APC for USF) on all international incoming minutes terminated on mobile networks. Consequently, all payments made by the Company on account of APC for USF was booked as a receivable in the accounts amounting to Rs. 1,893.153 million. This litigation of the LDI licensees has been dismissed by the Supreme Court of Pakistan has ruled against the LDI licenses in this litigation, while a Review Petition is pending before it.

Over the years, the PTA has demanded additional APC for USF payments through its determinations from most of the LDI operators including the Company. The additional amount claimed by the PTA from the Company is Rs. 2,565.589 (net of the Rs. 352.594 million held in Escrow by the PTA).

In addition to and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of LDI licensees including the Company have challenged the determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the policy, term of the license, AP Rules and Regulations in calculating these amounts b) that in any case the amounts demanded by PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunctions has been granted. Appeals of the Company and certain other LDI's are pending adjudication before the Sindh High Court, while appeals of a few LDI licensees have been decided in favor of the LDI licensees by the Lahore High Court on similar grounds. The amount refundable to the Company in case of a successful outcome of its appeal is Rs. 1,547.559 million.

It is also pertinent to mention that these claims relate to the period ending September 2012, and the APC Regime was subsequently terminated by the MOIT and PTA.

- 15.3 This represents principal amount and late payment fee paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. This matter is challenged by the Company in a writ petition, filed before the Islamabad High Court which is pending adjudication. The Company surrendered its WLL License to PTA in August, 2016 the settlement of which is pending from PTA. The Company was forced to make payment on this account. In addition to the above the Company has also made a payment in respect WLL Licence fee amounting to Rs 317 million upto the date of surrender which is also under the said litigation for its final settlement.
- 15.4 This amount represents payments made to PTA on account of Late Payment Additional Fee (LPAF) relating to Annual Regulatory Dues (ARD), Universal Service Fund (USF) and Research and Development Fund (R&D) Contributions amounting in aggregate to Rs. 156.864 million out of which Rs. 101.876 million paid pursuant to Court Orders during the year 2018 and Rs. 54.988 million paid during the year 2010.

The Company has challenged the Court order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management and legal advisor is confident that the same is on plausible grounds. Nevertheless, the Company has charged-off partial amount (Rs. 45.550 million out of Rs. 101.876 million), during the year 2019, as a matter of prudence.

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

- 15.5 This represents amount due from a bank in respect of the PTCL bills paid by the Company to the bank but not passed over to the PTCL. The Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 million (2022: Rs. 0.998 million) and damages, aggregating to Rs. 8.250 million (2022: Rs. 8.250 million), against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these unconsolidated financial statements.

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

15.7 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,020.324 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Company has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 243.890 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,353.980 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

An amount of Rs. 243.890 million appears as the residual receivable from PTCL on this account, consistent with its position in the Arbitration proceedings. However, this amount remains fully provided for in these unconsolidated financial statements.

	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
15.8	Loss allowance for ECLs against other receivables		
	Opening balance	320,318	320,318
		<u>320,318</u>	<u>320,318</u>
16.	TAXATION – NET		
	Advance income tax	127,216	161,414
	Provision for taxation – current	31 (41,336)	(78,435)
		<u>85,880</u>	<u>82,979</u>
17.	BANK BALANCES		
	In current accounts		
	Local currency	2,408	1,957
	Foreign currency	9	21
		2,417	1,978
	In saving accounts		
	Local currency	17.1 32,188	2,253
		<u>34,605</u>	<u>4,231</u>
17.1	These carry mark-up at rates, ranging between 5.98% to 11.97% (2022: 2.98% to 6.96%) per annum.		
		June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
18.	SHARE CAPITAL AND RESERVES		
18.1	AUTHORISED SHARE CAPITAL		
	400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10/- each	<u>4,000,000</u>	<u>4,000,000</u>

June 30, June 30,
2023 2022
---- (Rupees in '000') ----

18.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

315,000,000 (2022: 300,000,000) ordinary shares of Rs. 10/- each issued for cash

3,150,000	3,000,000
236,250	150,000
<u>3,386,250</u>	<u>3,150,000</u>

23,625,000 (2022: 15,000,000) ordinary shares of Rs. 10/- each issued as bonus shares

18.3 During the year, the Company issued bonus shares in proportion of 7.5 shares for every 100 shares held i.e. 7.5% amounting to Rs. 236.250 million (2022: Rs.150.000 million)

18.4 As at reporting date, chief executive officer, directors and their spouses held 0.01% (2022: 0.001%), associated undertaking held nil (2022: nil) and the balance of 99.99% (2022: 90.58%) are held by individual and others.

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

19. LONG TERM FINANCING**Secured**

Diminishing musharakah

Term finance certificates

Note June 30, June 30,
 2023 2022
---- (Rupees in '000') ----

19.1	36,614	60,294
19.2	752,342	734,322
	<u>788,956</u>	<u>794,616</u>

Current maturity shown under current liabilities

Diminishing musharakah

Term finance certificate

24	(24,000)	(24,200)
24	<u>(147,238)</u>	<u>(73,619)</u>
	<u>617,718</u>	<u>696,797</u>

19.1 This represents the diminishing musharakah facility, which was rescheduled in December 2019. This facility carries a markup at 3 months KIBOR with a floor of 7.5%.

19.2 The Term Finance Certificates (TFC's) issued by the company have been restructured effective from October 2021. Under the restructured terms, the outstanding principal amount is repayable over 20 equal quarterly installments beginning from March 31, 2022. Further, markup accrued till December 31, 2020 and the markup accrued post restructuring shall be paid in eight quarterly installments starting from March 31, 2027. These TFC's carry markup at the rate of three month KIBOR. As per the restructured agreement, profit shall not accrue from January 01, 2021 till September 30, 2021.

	Note	June 30, 2023	June 30, 2022
---- (Rupees in '000') ----			
20. LEASE LIABILITIES			
Lease liabilities		9,352	26,286
Current portion of lease liabilities	24	<u>(7,474)</u>	<u>(16,740)</u>
		<u>1,878</u>	<u>9,546</u>
20.1. Reconciliation of the carrying amount is as follows:			
As at July 01		26,286	39,963
Accretion of interest		2,271	3,311
Lease rental payments made during the year		<u>(19,205)</u>	<u>(16,988)</u>
Lease Liability as at June 30		9,352	26,286
Current portion of lease liabilities	24	<u>(7,474)</u>	<u>(16,740)</u>
Long-term lease liabilities as at June 30		<u>1,878</u>	<u>9,546</u>
20.2. Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		8,436	16,740
Later than one year but not later than five years		<u>2,210</u>	<u>11,920</u>
		10,646	28,660
Future finance charge		<u>(1,294)</u>	<u>(2,374)</u>
Present value of finance lease liabilities		<u>9,352</u>	<u>26,286</u>
21. DEFERRED LIABILITIES			
Staff gratuity		<u>6,723</u>	<u>5,517</u>
22. TRADE AND OTHER PAYABLES			
Pakistan Telecommunication Company Limited (PTCL)			
Interconnect operators		9,581	7,264
Others		<u>159,452</u>	<u>132,465</u>
		169,033	139,729
Other payables			
Current accounts with related parties		304,797	246,226
Accrued liabilities		194,339	153,164
Payable to employees' provident fund		1,556	3,975
Contract liability to customers		772	772
Workers' welfare fund		4,964	4,964
Others		<u>38,574</u>	<u>106,319</u>
		545,002	515,420
		<u>714,035</u>	<u>655,149</u>
22.1. Current account with related parties			
Supernet Limited		285,420	226,523
Telegateway Limited		15,028	15,028
Glitz Communication (Private) Limited		80	80
Globetech Communication ((Private) Limited		80	80
Nexus Communication (Private) Limited		71	7
Supernet E-Solutions (Private) Limited		<u>4,118</u>	<u>4,508</u>
		<u>304,797</u>	<u>246,226</u>

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

	Note	June 30, 2023	June 30, 2022
---- (Rupees in '000) ----			
23. ACCRUED MARK-UP			
On secured			
Interest / mark-up against financing		30,783	22,713
On unsecured			
Current accounts with related parties		1,697	1,697
Current accounts with third parties		42,862	39,889
		<u>75,342</u>	<u>64,299</u>
24. CURRENT PORTION OF LONG TERM FINANCE AND LEASE LIABILITIES			
Current maturity of diminishing musharika	19	24,000	24,200
Current maturity of term finance certificates	19	147,238	73,619
Current maturity of lease liability	20	7,474	16,740
		<u>178,712</u>	<u>114,559</u>
25. CONTINGENCIES AND COMMITMENTS			
25.1			
During the year ended June 30, 2011, the PTA issued a determination letter dated October 31, 2010 alleging that the Company has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 and demanded a sum of Rs. 56.470 million from the Company on account of short payment of APC for USF. The Company has filed a review Petition challenging the same which is currently pending before the Supreme Court of Pakistan, Nonetheless the Company has settled this amount in full, under protest.			
25.2			
The Company filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.			
25.3			
During the year ended June 30, 2017, the Company filed a suit before the Sindh High Court (SHC) challenging notice of demand dated August 24, 2016 on account of APC for USF and show cause notice dated November 17, 2016 issued by PTA dues as of July 31, 2016 amounting to Rs. 3,904.241 million including principal amounting to Rs. 1,304.900 million and fine amounting to Rs. 2,599.340 million. The Court passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Company. The matter is at the stage of hearing of applications. Management, in consultation with their legal advisor is of the view that the Company has a good and arguable case on merits and the suit is likely to be decreed in favor of the Company.			
25.4			
During the year June 30, 2012, in compliance with the directive of Ministry of Information Technology (MoIT) dated August 13, 2012 and the instructions issued there under by PTA vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 01, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.			
The Competition Commission of Pakistan (CCP), during the year ended June 30, 2013, declared the ICH agreement as illegal and imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each.			
The Company instituted a Constitutional Petition (CP) before the High Court of Sindh for setting aside order dated April 30, 2013 passed by CCP. The Sindh High Court has suspended the impugned order on September 05, 2013, and the matter is pending before the Competition Appellate Tribunal. The Tribunal has admitted the appeal for hearing and also suspended operation of the order impugned in this appeal.			

- 25.5** The Company has received notices in respect of payment of WWF for the tax year from 2008 to 2011 amounting to Rs 28.32 million, The Company has filed appeals against these order in High Court of Sindh, which are currently pending. The legal advisor is of the view that Company has a good arguable case as is expected to be decided in Company favour. Accordingly no provision has been made in these unconsolidated financial statements
- 25.6** In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Company was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.810 million. The Company has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.
- An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.92 million against the reported tax loss of Rs. 5.940 million. The Company had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Company, after admitting an adjustment of tax refundable, amounting to Rs. 4.530 million, against tax demand of Rs. 19.360 million, thus creating a final tax demand of Rs. 14.790 million. The Company has filed an appeal in the Court, which has not been heard to-date.
- 25.7** PTCL's claim amounting to Rs.1,634.703 million (2022: Rs.1,634.703 million) in respect of monthly billing has not been acknowledged as debt by the Company. The Company maintains that the said amount is overbilled by the PTCL.
- 25.8** Contingencies in respect of matters relating to the PTCL have been disclosed in notes 15.1 (a & b) to these unconsolidated financial statements.
- 25.9** Contingencies in respect of the PTA various claims and ISF are disclosed in note 15 to these unconsolidated financial statements.
- 25.10** No provision on account of above contingencies including note 25.8 and 25.9 has been made in these unconsolidated financial statements as the management and legal advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.
- 25.11** Counter guarantees given to banks amount to Rs. 39.00 million (2022: Rs.47.225 million) .

	Note	June 30, 2023	June 30, 2022
-- (Rupees in '000) --			
26. REVENUE – NET			
Revenue		<u>1,767,860</u>	<u>1,496,743</u>
27. DIRECT COSTS			
Interconnect charges – net		85,308	128,319
Network media charges		681,793	607,791
Short-term leases - network sites rent		68,831	43,894
Network sites utilities and maintenance		107,176	88,366
Insurance		2,310	2,310
Annual regulatory charges		23,685	27,322
Depreciation on operating fixed assets	5.1.3	66,024	56,030
Depreciation on right-of-use assets	7	12,151	13,480
Amortisation	6	1,954	1,954
		<u>1,049,232</u>	<u>969,466</u>



	Note	June 30, 2023	June 30, 2022
-- (Rupees in '000') --			
28. ADMINISTRATIVE & DISTRIBUTION COSTS			
Salaries and other benefits	28.1	266,096	262,349
Postage, telephone and telex		2,737	2,545
Vehicles running and maintenance		35,933	21,104
Travelling and entertainment		2,663	1,418
Office security and maintenance		12,949	8,657
Printing and stationery		3,256	2,888
Short-term leases - rent		58,841	56,712
Utilities		31,264	26,397
Insurance		9,328	4,829
Legal and professional charges		5,859	14,643
Auditors' remuneration	28.2	3,987	4,323
Sales promotion and marketing		1,578	3,794
Fee and subscription		6,747	3,144
Depreciation	5.1.3	2,419	2,287
Software support services		8,608	4,958
Loss allowance for ECL's		26,846	-
Others		14,616	8,773
		<u>493,727</u>	<u>428,821</u>

28.1 This includes Rs 1.206 million in respect of gratuity expense for the year (2022: Rs. 0.25 million) and Rs.8.00 million (2022: Rs. 7.60 million) in respect of the Company's contribution towards provident fund.

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
28.2 Auditors' remuneration			
Audit fee for unconsolidated financial statements		2,000	2,000
Audit fee for consolidated financial statements		450	450
Fee for review of half yearly financial statements		900	900
Other certifications		325	720
Out-of-pocket expenses		312	253
		<u>3,987</u>	<u>4,323</u>

29. OTHER INCOME

Income from financial assets & liabilities

Income from saving accounts		3,147	4,073
Mark-up on short term loan		-	3,563
Mark-up on short term loan to related party		2,669	-
Gain on sale of long term investment		-	164,150
Gain arising on restructuring of TFC's	19.2	-	163,901
Realised & unrealised exchange (loss) / income - net		(1,174)	3,479
		4,642	339,166

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	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
Income from non-financial assets & liabilities			
Gain on sale of fixed assets		2,290	200
Liabilities no longer payable written-back		6,354	162,652
		8,644	162,852
		<u>13,286</u>	<u>502,018</u>
30. FINANCE COSTS			
Interest / mark-up on			
Short-term financing			
Short-term financing		8,070	6,744
Term finance certificates		91,643	55,574
Lease liabilities against ROU assets		2,271	3,311
		101,984	65,629
Mark-up on related party		2,973	4,023
Mark-up on other's		529	338
Bank charges		6,814	3,552
		<u>112,300</u>	<u>73,542</u>
31. TAXATION			
Current year charge		41,336	80,596
Prior period		-	(2,162)
Deferred tax income		(51,568)	150,801
	31.1	<u>(10,232)</u>	<u>229,235</u>
31.1 Relationship between accounting profit and income tax expense			
Profit before taxation		125,887	526,932
Tax @ 29%		36,507	152,810
Effect of prior period tax		-	(2,162)
Others		(46,739)	78,587
		<u>(10,232)</u>	<u>229,236</u>
31.2 The income tax assessments of the Company have been finalised up to and including the tax year 2022, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 26.6).			
31.3 Deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed/ utilised.			
	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
32. EARNINGS PER SHARE - BASIC AND DILUTED			
32.1 Earnings per share - Basic			
Profit for the year		<u>136,119</u>	<u>297,697</u>
Weighted average number of ordinary shares outstanding during the year (Numbers in '000)		338,625	315,000
Add : Bonus shares issued after the reporting period (Numbers in '000)	32.1.1	-	23,625
		<u>338,625</u>	<u>338,625</u>
Earnings per share - basic (Rs)		<u>0.40</u>	<u>0.88</u>
32.1.1 During the year, the Company has issued bonus shares. In accordance of the requirement of IAS 33 'Earnings per share' the number of ordinary shares outstanding last year has been adjusted as if the event had occurred at the beginning of the year. Therefore, earnings per share has been restated accordingly.			

32.2 Earnings per share - Diluted

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

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
33. CASH GENERATED FROM OPERATIONS			
Profit before taxation		125,887	526,932
Adjustments for non-cash charges and other items:			
Depreciation	5.1.3	68,443	58,317
Depreciation on right-of-use assets	7	12,151	13,480
Amortisation	6	1,954	1,954
Provision for gratuity		250	250
Unrealised exchange gain		1,174	(564)
Finance costs	30	107,757	66,679
Finance cost on lease liabilities against ROU assets		2,271	3,311
Liabilities no longer payable written-back	29	6,354	(162,652)
Interest income	29	(2,669)	(3,563)
Gain on sale of long term investments	29	-	(164,150)
Gain due to TFC restructuring	29	-	(163,901)
Gain on sale of fixed assets	29	(2,290)	(200)
		<u>195,396</u>	<u>(351,039)</u>
Profit before working capital changes		321,283	175,893
(Increase) / decrease in current assets			
Trade debts		(218,422)	(146,307)
Loans and advances		54,007	(16,919)
Deposits and prepayment		(4,841)	(1,959)
Accrued mark-up		21,212	(8,061)
Other receivables		(26,880)	(70,209)
		<u>(174,924)</u>	<u>(243,455)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		58,886	89,231
Cash generated from operations		<u>205,245</u>	<u>21,669</u>

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

	2023			2022		
	Chief executive officer	Director	Executives	Chief executive officer	Directors	Executives
(Rupees in '000')						
Managerial remuneration	10,452	12,581	32,637	10,452	18,924	26,742
Other perquisites and benefits						
House rent	4,703	5,661	14,687	4,703	8,516	12,034
Medical	15	17	96	-	70	1,293
Retirement benefits	435	524	1,381	871	1,184	5,572
Utilities	1,045	1,258	3,264	1,045	1,892	2,674
	<u>6,198</u>	<u>7,460</u>	<u>19,428</u>	<u>6,619</u>	<u>11,662</u>	<u>21,573</u>
	<u>16,650</u>	<u>20,041</u>	<u>52,065</u>	<u>17,071</u>	<u>30,586</u>	<u>48,315</u>
Number of persons	<u>1</u>	<u>2</u>	<u>15</u>	<u>1</u>	<u>3</u>	<u>14</u>

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
35. FINANCIAL INSTRUMENTS BY CATEGORY			
35.1 Financial assets at amortised cost			
Long term deposits	9	52,113	57,613
Trade debts	11	691,127	472,705
Short term loan	12	-	30,000
Short term deposits	13	18,695	18,695
Accrued mark up / profit	14	9,116	30,328
Other receivable	15	2,619,740	2,592,860
Bank balances	17	34,605	4,231
		<u>3,425,395</u>	<u>3,206,432</u>
35.2 Financial liabilities measured at amortised cost			
Long term financing	19	617,718	696,797
Lease liabilities	20	1,878	9,546
Trade and other payables	22	708,299	649,413
Current portion of long term financing and lease liabilities	24	178,712	114,559
Accrued mark-up	23	75,342	64,299
Unclaimed dividend		4,394	4,394
		<u>1,586,343</u>	<u>1,539,008</u>

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, 2022, the Company is exposed to such risk mainly in respect its holding of variable rate financial instruments which comprises of balances held with Banks, short-term financing and long-term financing. When the Company has surplus cash available for investment, it minimizes the interest rate risk by investing in fixed rate investments like bank saving accounts. The Company does not holds any fixed rate financial instruments at FVTPL as at reporting date.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs. 6.20 million (2022: Rs. 7.39) million and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

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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 foreign currency dominated financial instruments exists as at reporting date due to transactions undertaken in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2023	June 30, 2022
	----- US \$ -----	
Trade debts	111,193	153,414
Bank balances	35	72
Trade and other payables	(86,073)	(83,113)
Net exposure	25,155	70,373

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

Exchange rate (Rupees)	285.90	204.85
-------------------------------	---------------	---------------

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, 2023	+10	(719)	(719)
	-10	719	719
June 30, 2022	+10	(1,442)	(1,442)
	-10	1,442	1,442

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, 2023 the Company is not exposed to equity price risk.

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 analysis the Company's maximum exposure to credit risk.

	Note	June 30, 2023	June 30, 2022
		-- (Rupees in '000') --	
Long term deposits	9	52,113	57,613
Trade debts	11	691,127	472,705
Loan and advances	12.2	5,902	57,633
Accrued mark-up	14	9,116	30,328
Other receivables	15	2,651,202	2,624,604
Bank balances	17	34,605	4,231
		3,444,065	3,247,114

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, 2023	June 30, 2022
	-- (Rupees in '000) --	
Trade debts		
Customers with no defaults in the past one year	<u>691,127</u>	<u>472,705</u>
Bank balances		
A-1+	34,600	4,213
A-2	5	18
	<u>34,605</u>	<u>4,231</u>

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.

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.

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

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	----- (Rupees in '000) -----				
Long term financing	-	-	617,718	-	617,718
Trade & other payables	4,964	708,299	-	-	713,263
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	75,342	-	-	-	75,342
Current portion of long term finance	42,810	135,903	-	-	178,713
June 30, 2023	<u>127,510</u>	<u>844,202</u>	<u>617,718</u>	<u>-</u>	<u>1,589,430</u>

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	(Rupees in '000)				
Long term financing	-	-	485,783	211,014	696,797
Trade & other payables	4,964	649,413	-	-	654,377
Unclaimed dividend	4,394	-	-	-	4,394
Accrued mark-up	64,299	-	-	-	64,299
Current portion of long term finance	6,050	108,509	-	-	114,559
June 30, 2022	79,707	757,922	485,783	211,014	1,534,426

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

36.5 Fair value of financial instruments

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

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

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

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

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

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

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

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

36.6 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. The gearing ratios as at June 30, 2023 and June 30, 2022 were as follows;

	June 30, 2023	June 30, 2022
	-- (Rupees in '000') --	
Total debt	827,213	834,069
Less: Cash & cash equivalent	34,605	(4,231)
Net debt	861,818	829,838
Total equity	2,776,073	2,639,954
Total debt and equity	3,637,891	3,469,792
Gearing ratio	23.69%	23.92%

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 3.21.

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

	June 30, 2023	June 30, 2022
	-- (Rupees in '000') --	
Relationship: Wholly owned subsidiary companies		
Name	Nature of transaction	
Supernet Limited	Services received	- 220,000
Supernet E-Solutions (Private) Limited	Services received	6,492 6,228
Relationship: Entities having directors in common with the Company		
Name	Nature of transaction	
Provident fund	Contributions during the year	8,112 7,598
Remuneration and benefits	Key management personnel	52,065 48,315
Meeting fee	Non-executive directors	850

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

38. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2023	%	June 30, 2022	%
		----- (Rupees in '000') -----			
		(Un-audited)		(Audited)	
Size of the fund - Total assets		145,440		131,140	
Investment made at cost		107,113		67,316	
Fair value of investments	38.1	113,122		73,326	
Percentage of investments made		77.78%		55.91%	
38.1 The break-up of fair value of investments is:					
Bank balances / deposits		104,674	92.53%	66,704	90.97%
Mutual funds		8,448	7.47%	6,622	9.03%
		<u>113,122</u>		<u>73,326</u>	

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 39.5% (2022: 45%) in the total assets of the fund.

39. CORRESPONDING FIGURES

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

40. NUMBER OF EMPLOYEES

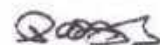
The numbers of employees at the year ended were 126 (2022: 137) and average number of employees during the year were 131 (2022: 135).

41. GENERAL

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

42. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 5 OCT 2023 by the board of directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

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, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We further draw attention to the contents of;

- i. note 17.1 (a) to the accompanying consolidated financial statements in respect of the lawsuit filed by the Group during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made for the remaining sum of Rs. 349.954 million in the accompanying consolidated financial statements which reflects amount determined under the most favorable alternative by a firm of Chartered Accountants appointed in accordance with the direction of the Court. As the Court already passed an interim order in August 2001 in favour of the Group, the management and legal advisor of the Group is confident that the recovery of the amount accrued would be as prayed by the Group;
- ii. note 17.1 (b) to the accompanying consolidated financial statements with regard to a lawsuit filed by the PTCL against the Group during the year ended June 30, 2002. Pending a final decision, the Group has not made any provision in the accompanying consolidated financial statements for the amount claimed by the PTCL. As per legal advisor there is likelihood that the plaintiff will not succeed in its claim in this suit;
- iii. note 17.2 to the accompanying consolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the sum of Rs. 2,565.589 million in the accompanying consolidated financial statements in consultation with the legal advisor and the amount refundable to the Group in case of a successful outcome of its appeal is Rs. 1,547.559 million; and

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- iv. notes 27.1 to 27.22 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
<p>1. Revenue recognition</p> <p>The Group has reported revenue amounting to Rs. 5,687.851 million during the year ended June 30, 2023.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject misstatement to meet expectations or targets. In addition, revenue is also considered as an area of significant risk as part of the audit process.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of transactions recorded during the year with relevant underlying supporting documents and receipts; • inspecting manual journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; • tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and • assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.



Key audit matters	How the matter was addressed in our audit
<p>2. Contingencies</p> <p>As at June 30, 2023, the Group has contingencies in respect of various regulatory and legal suites against the Group which are pending in different courts as disclosed in note 28 of the consolidated financial statements.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies.</p> <p>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.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> • assessed management’s processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee; • reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations; • obtained confirmation from the legal counsel to evaluate the status of the pending litigations and view point of the legal counsel thereon; • examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed; and • assessed the appropriateness of the related disclosures made in the accompanying consolidated financial statements in light of IAS-37 “Provisions and Contingencies”

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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

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

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

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

The engagement partner on the audit resulting in independent auditors' report is Mr. Muhammad Shabbir Kasbati.

(Chartered Accountants)

Date: October 05, 2023


Karachi.

UDIN: AR202310192iXt6zLcKs

Telecard Limited
Consolidated Statement of Financial Position
As at June 30, 2023

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000') -----			
Assets			
Non-current assets			
Property and equipment	5	618,667	684,415
Intangible assets	6	74,800	77,044
Right-of-use assets	7	17,879	23,830
		<u>711,346</u>	<u>785,289</u>
Long term deposits	8	52,208	57,708
Long term investment	9	-	-
Deferred taxation	10	225,637	169,576
		<u>989,191</u>	<u>1,012,573</u>
Current assets			
Communication stores	11	496,357	170,160
Shor term investment	12	-	125,000
Trade debts	13	2,395,192	2,090,805
Loans and advances	14	838,623	268,180
Deposits and prepayments	15	261,328	154,945
Accrued mark-up	16	11,332	30,328
Other receivables	17	2,680,231	2,672,739
Taxation – net	18	197,877	165,465
Cash and bank balances	19	219,646	105,129
		<u>7,100,586</u>	<u>5,782,751</u>
Total assets		<u><u>8,089,777</u></u>	<u><u>6,795,324</u></u>

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


Chief Executive Officer


Chief Financial Officer

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Director

Telecard Limited
Consolidated Statement of Financial Position
As at June 30, 2023

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000') -----			
Equity and liabilities			
Share capital and reserves			
Authorised share capital			
400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs. 10/- each			
		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up capital	20	3,386,250	3,150,000
Exchange translation reserve		104,314	26,129
Unappropriated profit		<u>720,927</u>	<u>670,449</u>
Capital and reserves attributable to the owners of the Holding Group		4,211,491	3,846,578
Non-controlling interest		<u>283,838</u>	<u>246,126</u>
Total equity		<u>4,495,329</u>	<u>4,092,704</u>
Non-current liabilities			
Long term financing	21	617,717	696,797
Lease liabilities	22	9,959	10,162
Deferred liabilities	23	8,896	7,936
		636,572	714,895
Current liabilities			
Trade and other payables	24	2,554,845	1,632,643
Unclaimed dividend		4,394	4,394
Accrued mark-up	25	81,311	71,614
Short term finance and current portion of long term financing and lease liabilities	26	317,326	279,074
		2,957,876	1,987,725
Contingencies & commitments	27	<u>8,089,777</u>	<u>6,795,324</u>
Total equity and liabilities		<u>8,089,777</u>	<u>6,795,324</u>

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

~~Chief Executive Officer~~


Chief Financial Officer


Director

Telecard Limited
Consolidated Statement of Profit or Loss
For the year ended June 30, 2023

	Note	June 30, 2023 --- (Rupees in '000') ---	June 30, 2022
Revenue – net	28	5,687,851	4,426,928
Direct costs	29	<u>(3,841,093)</u>	<u>(2,852,523)</u>
Gross profit		1,846,758	1,574,405
Administrative & distribution costs	30	<u>(1,210,535)</u>	<u>(986,694)</u>
Other (expense) / income	31	<u>(73,078)</u>	<u>264,351</u>
		<u>(1,283,613)</u>	<u>(722,343)</u>
Operating profit		563,145	852,062
Finance costs	32	<u>(155,873)</u>	<u>(100,748)</u>
Profit before taxation		407,272	751,314
Taxation	33	<u>(82,832)</u>	<u>(329,464)</u>
Profit after taxation		<u>324,440</u>	<u>421,850</u>
Profit / (loss) is attributable to:			
Owners of the Holding Company		286,728	416,458
Non-controlling interests		<u>37,712</u>	<u>5,392</u>
		<u>324,440</u>	<u>421,850</u>
			Restated
Earning per share - basic & diluted - (Rs.)	34	<u>0.85</u>	<u>1.23</u>

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

~~Chief Executive Officer~~


Chief Financial Officer


Director

Telecard Limited
Consolidated Statement of Comprehensive Income
For the year ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Net profit for the year	324,440	421,850
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operation	78,185	27,113
Total comprehensive income for the year	<u>402,625</u>	<u>448,963</u>
Total comprehensive income attributable to:		
Owners of the Holding Company	364,913	443,571
Non-controlling interests	<u>37,712</u>	<u>5,392</u>
	<u>402,625</u>	<u>448,963</u>

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


Chief Executive Officer


Chief Financial Officer

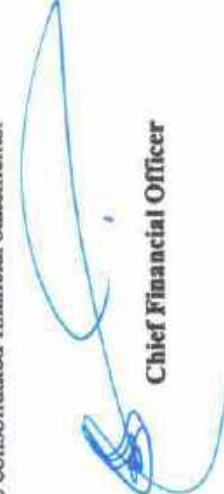

Director

Telecard Limited
Consolidated Statement of Changes in Equity
For the year ended June 30, 2023

	Attributable to the owners of Holding Company				
	Issued subscribed paid-up capital	Unappropriated profit	Exchange translation reserve	Non - controlling interest	Total
	(Rupees in '000')				
Balance as at June 30, 2021	3,000,000	174,625	(984)	(2,080)	3,171,561
Net profit for the year	-	416,458	-	5,392	421,850
Other comprehensive income	-	-	27,113	-	27,113
Total comprehensive income	-	416,458	27,113	5,392	448,963
Issuance of bonus shares	150,000	(150,000)	-	-	-
Transactions with owners in their capacity as owners					
Transactions with non-controlling interests	-	229,366	-	238,514	467,880
Contribution from the non-controlling interests on issuance of new shares	-	-	-	4,300	4,300
	-	229,366	-	242,814	472,180
Balance as at June 30, 2022	3,150,000	670,449	26,129	246,126	4,092,704
Net profit for the year	-	286,728	-	37,712	324,440
Other comprehensive income	-	-	78,185	-	78,185
Total comprehensive income	-	286,728	78,185	37,712	402,625
Issuance of bonus shares	236,250	(236,250)	-	-	-
Balance as at June 30, 2023	3,386,250	720,927	104,314	283,838	4,495,329

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


Chief Executive Officer


Chief Financial Officer


Director

Telecard Limited
Consolidated Statement of Cash Flows
For the year ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
Cash flows from operating activities			
Cash generated from / (used in) operations	35	352,577	(12,254)
Income tax paid		(165,345)	(68,617)
Finance costs paid		(9,218)	(15,763)
Retirement benefits paid		(749)	(574)
Net cash generated from / (used in) operating activities		177,265	(97,208)
Cash flows from investing activities			
Additions to property, plant and equipment		(143,424)	(171,353)
Short term investments		125,000	(125,000)
Proceeds from disposal of investments		-	467,880
Interest income received		23,877	8,294
Proceeds from disposal of property, plant and equipment		2,800	7,425
Exchange difference on translation of foreign subsidiary		78,185	27,113
Net cash generated from investing activities		86,438	214,359
Cash flows from financing activities			
Proceeds from contribution from NCI		-	4,300
Repayment of long-term finances-net		(120,741)	(153,761)
Lease rentals against right-of-use assets		(24,180)	(19,810)
Short term running financing- net		(4,264)	(8,515)
Net cash used in financing activities		(149,185)	(177,786)
Net (decrease) / increase in cash and cash equivalents		114,518	(60,635)
Cash and cash equivalents at the beginning of the year		105,129	165,764
Cash and cash equivalents at the end of the year	19	219,647	105,129

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

~~Chief Executive Officer~~

Chief Financial Officer

Director

TELECARD LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

- > Telecard Limited - Holding Company
- > Supernet Limited - Subsidiary
- > Telegateway Limited - Subsidiary
- > Nexus Communications (Private) Limited - Subsidiary
- > Glitz Communications (Private) Limited - Subsidiary
- > Globetech Communications (Private) Limited - Subsidiary
- > Supernet Infrastructure Solutions (Private) Limited - Subsidiary of Supernet Limited
- > 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 (the Holding Company) 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 Limited. The Holding Company is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services. The registered office of the Holding Company is located at World Trade Centre 75-East Blue Area, Fazal-ul-Haq road, Islamabad. The principal place of business of the Holding Company is located at World Trade Centre, 10- Khayaban-e-Roomi, Clifton, Karachi.

Supernet Limited has been granted a license by the Ministry of Communications, Government of Pakistan to establish and operate a data network system in Pakistan. The Company is engaged in providing satellite and microwave communication services e.g. internet, radio links, single channel per carrier (SCPC), time division multiple access (TDMA), etc., and sale and installation of related equipment and accessories. Telecard Limited holds 81.19% equity of Supernet Limited.

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

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of consolidation

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

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

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

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

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

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

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

When the Group ceases to have control or significant influence any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence

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retained. In addition, any amounts previously recognized in the consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of comprehensive income are reclassified to consolidated statement of profit or loss.

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

2.3 Business combinations

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

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

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

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

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

2.4 Accounting convention

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

2.5 Functional and presentation currency

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

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations does not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract.	January 01, 2022

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

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Consolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2022
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies.	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants.	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants.	January 01, 2022
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.	January 01, 2022
Amendments to IAS 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction	January 01, 2022
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.	January 01, 2022

c) New standards and interpretations which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards.

IFRS 17 Insurance Contracts.

3.1 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 5 & 6
Provision for doubtful debts and other receivables	4.10.8
Recognition of tax and deferred tax	4.6, 10 & 18
Other provisions and contingent liabilities	4.18 & 29
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	4.14 & 22
Determining the useful lives and carrying value of ROU assets	4.2 & 7

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Fixed assets

4.1.1 Property and equipment

Operating fixed assets - owned

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

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

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

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

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

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

Capital work-in-progress

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

4.1.2 Intangible assets and amortisation**Licences**

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

Computer software

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

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

Goodwill

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

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

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

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

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

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

4.2 Right of use asset

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

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that

the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use assets are subject to annual impairment review in accordance with IAS 36 "Impairment of assets".

4.3 Communication stores

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

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

4.4 Trade debts and other receivables

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

4.5 Loans and advances

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

4.6 Taxation

Current

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

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

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

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

4.7 Cash and cash equivalents

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

4.8 Trade and other payables

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

4.9 Provisions

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

4.10 Financial instruments

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

4.10.1 Initial measurement of financial assets

The Group classified its financial assets into the following categories:

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

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

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

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and; (Business Model test).
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principle and Interest thereon. (SPPI test).

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

4.10.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

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

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

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

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

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

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

4.10.3 Derecognition of financial assets

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

4.10.4 Financial liabilities

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

4.10.5 Loans and borrowings

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

4.10.6 Derecognition of financial liabilities

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

4.10.7 Offsetting financial assets and financial liabilities

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

4.10.8 Loss allowance for ECL / impairment**Financial assets**

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

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

Non-financial assets

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

4.11 Employees' retirement benefits

Defined benefit plan

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

Defined contribution plan

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

4.12 Foreign currency translation

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

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

4.13 Borrowing costs

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

4.14 Lease liability against ROU assets

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily

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determined, the Group uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

4.15 Revenue

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

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

4.16 Interconnect charges and liability

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

4.17 Dividend and other appropriation of reserves

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

4.18 Other provisions and contingent liabilities

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

4.19 Related party transactions

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

Following are the related parties of the Group:

Name of related party	Basis of relationship	(%) of shareholding
Supernet Limited	Subsidiary company (<i>direct</i>)	81.18%
Supernet E-Solutions (Private) Limited	Subsidiary company (<i>indirect</i>)	81.18%
Supernet Secure Solutions	Subsidiary company (<i>indirect</i>)	64%
Supernet Infrastructure Solutions (Private) Limited	Subsidiary company (<i>Indirect</i>)	81.18%
Phoenix Global ZSE	Subsidiary company (<i>indirect</i>)	81.18%
Telegateway Limited	Wholly owned subsidiary	100%
Nexus Communication (Private) Limited	Wholly owned subsidiary	100%
Glitz Communication (Private) Limited	Wholly owned subsidiary	100%
Globetech Communication (Private) Limited	Wholly owned subsidiary	100%
Shams ul Arfeen	Key management personnel	-
Syed Aamir Hussain	Key management personnel	-
Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Mr. Mudabbir Hussain	Key management personnel	-
Syed Muhammad Asim	Key management personnel	-

4.20 Earnings per share

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

Qasim

June 30, 2023
June 30, 2022
Note
---- (Rupees in '000) ----

5. PROPERTY AND EQUIPMENT

Operating fixed assets

5.1. 618,667 684,415

5.1. Operating fixed assets

	Note	Cost			Accumulated depreciation			W.D.V.		Depreciation rate per annum
		As at July 01, 2022	Additions	As at June 30, 2023	Disposals	For the year	As at June 30, 2023	As at June 30, 2023		
(Rs. in '000')										
Owned										
Freehold land	5.1.1	3,020	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		26,194	-	26,194	-	1,127	-	22,077	4,117	20%
Building on freehold land	5.1.1	625	-	625	-	-	-	623	2	5%
Apparatus, plant & equipment	5.1.2 & 5.1.3	8,009,289	135,951	8,145,240	-	198,058	-	7,566,770	578,470	5-33%
Signboards		30,875	-	30,875	-	-	-	30,875	-	25%
Furniture, fixtures & office equipment		101,118	5,493	106,611	-	3,370	-	89,761	16,849	10-15%
Computers & related accessories	5.1.2	138,294	1,980	140,224	(50)	6,047	(50)	132,332	7,892	33%
Vehicles	5.1.2	32,661	-	30,797	(1,864)	570	(1,864)	22,480	8,317	20%
		<u>8,342,076</u>	<u>143,424</u>	<u>8,483,586</u>	<u>(1,914)</u>	<u>209,172</u>	<u>(1,914)</u>	<u>7,864,918</u>	<u>618,667</u>	

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

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

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

5.1.2 The cost of fully depreciated asset as at June 30, 2023 is Rs. 7,262.60 million (2022: Rs. 6911.22 million).

5.1.3 Equipment, costing Rs. 1,362.843 million (2022: Rs. 1,278.70 million), having a net book value of Rs. 413.703 million (2022: Rs. 454.302 million) are in the possession of the customers of the Group in the ordinary course of business.

	June 30, 2023	June 30, 2022
Note	--- (Rupees in '000') ---	
29	197,918	190,808
30	11,254	12,689
	<u>209,172</u>	<u>203,497</u>

5.1.4 Depreciation for the year has been allocated as follows:

Direct costs
Administrative & distribution costs

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

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
Vehicles	1,864	1,864	-	2,240	2,240	Negotiation	Shams ul Arfreem
Total	<u>1,864</u>	<u>1,864</u>	<u>-</u>	<u>2,240</u>	<u>2,240</u>		

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	June 30, 2023	June 30, 2022
Note	74,800	77,044
	--- (Rupees in '000') ---	

6. INTANGIBLE ASSETS

Intangible assets

6.1 The statement of intangible assets is as follows:

Note	Cost			Accumulated amortisation			W.D.V. As at June 30, 2023	Period years
	As at July 01, 2022	Addition during the year	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023		
	--- Rupees in '000' ---							
WLL Licenses	8,120	-	8,120	7,308	406	7,714	406	20
LDI License	29,029	-	29,029	25,800	1,548	27,348	1,681	20
Computer software	41,224	-	41,224	40,356	290	40,646	578	5
Goodwill	118,751	-	118,751	46,616	-	46,616	72,135	
	197,124	-	197,124	120,080	2,244	122,324	74,800	

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

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

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- 6.1.1 These represent cost of non-exclusive licenses granted by the PTA to the Holding Company for providing certain telecommunication services in the specified regions of the country and for establishing, maintaining and operating a telecommunication system, in accordance with the terms and conditions of the licenses. The licenses are effective for an period of 20 years, commencing August 04, 2004.
- 6.1.2 This represent cost of non-exclusive license granted by the PTA to the Holding Company for providing the LDI telecommunication services in the country for an effective period of 20 years, commencing July 27, 2004.

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
6.2 Amortization for the year has been allocated as follows			
Direct costs	29	1,954	1,954
Administrative & distribution costs	30	290	290
		<u>2,244</u>	<u>2,244</u>
7. RIGHT-OF-USE ASSETS			
As at July 01, 2022			
Cost		92,361	92,361
Accumulated depreciation		(68,531)	(53,045)
Net book value		<u>23,830</u>	<u>39,316</u>
Year ended June 30, 2023			
Opening net book value		23,830	39,316
Remeasurment of lease		10,826	-
Depreciation for the year		(16,777)	(15,486)
Closing net book value		<u>17,879</u>	<u>23,830</u>
As at June 30, 2023			
Cost		103,187	92,361
Accumulated depreciation		(85,308)	(68,531)
Net book value		<u>17,879</u>	<u>23,830</u>
7.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:			
Direct costs	29	12,151	13,480
Administrative expenses & distribution costs	30	4,626	2,006
		<u>16,777</u>	<u>15,486</u>
8. LONG TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		44,315	44,315
Rented premises		3,018	3,018
Guarantee margin		3,600	9,100
Others		1,275	1,275
		<u>52,208</u>	<u>57,708</u>

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	Note	June 30, 2023	June 30, 2022
		--- (Rupees in '000) ---	
9. LONG TERM INVESTMENT			
Others - at cost	9.1	300,449	300,449
Less: provision for impairment	9.3	<u>(300,449)</u>	<u>(300,449)</u>
		<u>-</u>	<u>-</u>

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

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

	June 30, 2023	June 30, 2022
	--- (Rupees in '000) ---	
9.3		
The movement in provision for impairment during the year is as follows:		
Balance at beginning of the year	300,449	480,630
Reversal of provision on disposal of investment during the year	-	(180,181)
Balance at end of the year	<u>300,449</u>	<u>300,449</u>

10. DEFERRED TAXATION

Deferred tax credits arising on		
Accelerated tax depreciation	(10,104)	(3,219)
Remeasurement of liability	(1,340)	(13,187)
Amortisation of intangible assets	(297)	(400)
	(11,741)	(16,806)
Deferred tax debits arising from		
Retirement benefits	1,587	2,302
Doubtful debts and other provision	170,279	165,121
Exchange differences	-	1,450
Lease liabilities	4,862	8,535
Tax losses brought forward	29,382	-
Others	31,268	8,975
	237,378	186,382
	<u>225,637</u>	<u>169,576</u>

		June 30, 2023	June 30, 2022
	Note	--- (Rupees in '000') ---	
11. COMMUNICATION STORES			
Stores		204,481	157,300
Provision against slow moving stores	11.1	(19,376)	(16,875)
		185,105	140,425
Consumables		19,953	29,735
Stock in transit		291,299	-
		<u>496,357</u>	<u>170,160</u>
11.1 Provision against slow moving stores			
Opening balance		16,875	16,875
Provision for the year		2,501	-
Closing balance		<u>19,376</u>	<u>16,875</u>
12. SHORT TERM INVESTMENT			
Islamic saving certificates	12.1	-	125,000
12.1 These investments were made in special sharikah certificates with commercial bank on musharaka basis carrying expected return at the rate of 10.5% per annum and having maturity of 15 days.			
		June 30, 2023	June 30, 2022
	Note	--- (Rupees in '000') ---	
13. TRADE DEBTS			
Unsecured - considered good		2,395,192	2,090,805
Considered doubtful		127,790	92,778
less allowance for debts considered doubtful	13.1	(127,790)	(92,778)
		-	-
		<u>2,395,192</u>	<u>2,090,805</u>
13.1 Loss allowance for debts considered doubtful			
Opening balance		92,778	109,604
Charge for the year	30	105,039	43,174
Closing balance		(70,027)	(60,000)
		<u>127,790</u>	<u>92,778</u>

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13.2 As at June 30, 2023 the ageing analysis of unimpaired trade debts is as follows:

	Past due but not impaired		
	Total	Neither past due nor impaired	> three months upto one year > 1 year
	----- (Rupees in '000') -----		
Others	2,395,192	968,585	365,831
June 30, 2023	<u>2,395,192</u>	<u>968,585</u>	<u>365,831</u>
June 30, 2022	<u>2,090,805</u>	<u>1,352,302</u>	<u>522,803</u>

	Note	June 30, 2023	June 30, 2022
--- (Rupees in '000') ---			
14. LOANS AND ADVANCES			
Loans- unsecured			
Considered good			
World Trade Center (Private) Limited	14.1	-	30,000
Advances – unsecured			
Considered good			
Executives	14.2	4,266	6,757
Employees		39,114	42,273
Advances for acquisition	14.3	19,749	-
Suppliers		775,493	189,150
		<u>838,623</u>	<u>238,180</u>
		<u>838,623</u>	<u>268,180</u>

- 14.1 During the year short term loan has been adjusted against the rent payable in accordance with the memorandum of understanding signed between both parties.
- 14.2 These represents interest free loans provided to staff in accordance with the terms of employment and are recovered through deduction from monthly payroll, the maximum aggregate amount due from the executives at the end of any month calculated with reference to month end balances is Rs. 4.20 million (2022: Rs. 6.75 million).
- 14.3 One of the Group's Company "Supernet Infrastructure Solutions (Private) Limited" is in the process of acquiring a listed Company "Hallmark Company Limited". The acquisition's transaction after compliance with regulatory requirements is be expected to complete in the next financial year.

(Signature)

	Note	June 30, 2023 -- (Rupees in '000) --	June 30, 2022
15. DEPOSITS AND PREPAYMENTS			
Deposits - Considered good			
Earnest money		41,003	32,785
Margin against guarantee		109,577	67,400
Others		74,561	23,574
		225,141	123,759
Considered doubtful			
Earnest money		2,441	2,441
Loss allowance against deposits considered doubtful		(2,441)	(2,441)
		-	-
Prepayments			
Rent		19,943	20,353
Interconnect operators		14,771	6,706
Others		1,473	4,127
		36,187	31,186
		261,328	154,945
16. ACCRUED MARK-UP			
Mark-up on current accounts with third parties		11,332	30,328
17. OTHER RECEIVABLES			
Others - considered good			
Karachi Relief Rebate	17.1(a)	349,954	349,954
Due from PTCL against ICH		96,041	96,041
In Escrow account with PTA		352,594	352,594
Pakistan Telecommunication Authority - APC for USF	17.2	1,547,559	1,547,559
Pakistan Telecommunication Authority - ARFSF	17.3	118,135	118,135
Pakistan Telecommunication Authority - others	17.4	117,197	117,197
Claim against a bank	17.5	998	998
Insurance claims		5,280	4,756
Due from a contractor		3,493	3,212
Punjab Revenue Authority (PRA)	17.6	34,956	34,956
Deposit with FBR under tax amnesty scheme		2,991	2,991
Others		51,033	44,346
		2,680,231	2,672,739
Considered doubtful			
Due from PTCL against WPS	17.7	243,890	243,890
Pakistan Telecommunication Authority		76,428	76,428
		320,318	320,318
Loss allowance for receivables considered doubtful		(320,318)	(320,318)
		-	-
		2,680,231	2,672,739

- 17.1(a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Holding Company in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.280 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.930 million. The Court, during the year ended June 30, 2002, passed an interim order in favour of the Holding Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, determination under the most favorable alternative amounted to Rs. 349.954 million, for the period commencing January 1997 to August 2001.

As the Court already passed an interim order in August 2001 in favour of the Holding Company, the management and legal advisor of the Holding Company is confident that the recovery of the amount accrued would be as prayed by the Holding Company.

- 17.1(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Holding Company for the recovery of Rs. 334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Holding Company. In the opinion of the legal advisor of the Holding Company, if it is decided by the Court that the Holding Company is not entitled to the Karachi Relief Rebate and the decision in this case is against the Holding Company, then the Holding Company would have to pay only the above amount on account of Karachi Relief Rebate. If however, it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Holding Company to PTCL, but in fact the Holding Company would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above referred legal advisor there is likelihood that the Plaintiff will not succeed in its claim in this suit.

Accordingly, pending the decision of the Court in this respect, the Holding Company has not made any provisions for the aforesaid claim in these consolidated financial statements. The Court, in its order dated June 25, 2003 ordered the Holding Company not to create third party interest on its fixed assets as well as undertaking except in the ordinary course of business till the disposal of the case.

- 17.2 The Holding Company, along with certain other LDI licensees had challenged the vires of AP Rules, 2004 and AP Regulations, 2005 (AP Rules and Regulations) which required the LDI operators to make Access Promotion Contributions to the Universal Service Fund (APC for USF) on all international incoming minutes terminated on mobile networks. Consequently, all payments made by the Holding Company on account of APC for USF was booked as a receivable in the accounts totalling to Rs. 1,893.153 million. This litigation of the LDI licensees has been dismissed by the Supreme Court of Pakistan has ruled against the LDI licenses in this litigation, while a Review Petition is pending before it.

Over the years, the PTA has demanded additional APC for USF payments through its determinations from most of the LDI operators including the Holding Company. The additional amount claimed by the PTA from the Holding Company is Rs. 2,565.589 (net of the Rs. 352.594 million held in Escrow by the PTA).

In addition to and without prejudice, to the challenge on vires of the AP Rules and Regulations referred to in the above para, most of LDI licensees including the Holding Company have challenged the determinations on multiple grounds, including but not limited to a) that the PTA has not properly implemented the policy, term of the license, AP Rules and Regulations in calculating these amounts b) that in any case the amounts demanded by PTA are based on rates which were different from the actual announced rates for APC for USF for which interim injunctions has been granted. Appeals of the Company and certain other LDI's are pending adjudication before the Sindh High Court, while appeals of a few LDI licensees have been decided in favor of the LDI licensees by the Lahore High Court on similar grounds. The amount refundable to the Holding Company in case of a successful outcome of its appeal is Rs. 1,547.559 million.

It is also pertinent to mention that these claims relate to the period ending September 2012, and the APC Regime was subsequently terminated by the MOIT and PTA.

17.3 This represents principal amount and late payment fee paid under protest to Pakistan Telecommunication Authority (PTA) on account of Annual Radio Frequency Spectrum Fee (ARFSF) for FY 2017 & 2018. This matter is challenged by the Holding Company in a writ petition, filed before the Islamabad High Court which is pending adjudication. The Holding Company surrendered its WLL License to PTA in August, 2016 the settlement of which is pending from PTA. The Company was forced to make payment on this account. In addition to the above the Company has also made a payment in respect WLL Licence fee amounting to Rs 317 million upto the date of surrender which is also under the said litigation for its final settlement.

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

The Holding Company has challenged the Court order by filing an appeal in Supreme Court of Pakistan in August 2018. The matter is pending adjudication and the management and legal advisor is confident that the same is on plausible grounds. Nevertheless, the Holding Company has charged-off partial amount (Rs. 45.550 million out of Rs. 101.876 million), during the year 2019, as a matter of prudence.

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

17.5 This represents amount due from a bank in respect of the PTCL bills paid by the Holding Company to the bank but not passed over to the PTCL. The Holding Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 million (2021: Rs. 0.998 million) and damages, aggregating to Rs. 8.250 million (2022: Rs. 8.250 million), against the bank. Pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these consolidated financial statements.

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

17.7 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,020.324 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Holding Company has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 243.890 million refundable to it by PTCL. Further, the Holding Company has also filed a claim for damages in the sum of Rs. 2,353.980 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

An amount of Rs. 243.890 million appears as the residual receivable from PTCL on this account, consistent with its position in the Arbitration proceedings. However, this amount remains fully provided for in these consolidated financial statements.

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	Note	June 30, 2023 --- (Rupees in '000') ---	June 30, 2022 --- (Rupees in '000') ---
18. TAXATION – NET			
Advance income tax		336,786	365,823
Provision for taxation	33	(138,909)	(200,358)
		<u>197,877</u>	<u>165,465</u>
19. CASH AND BANK BALANCES			
Cash in hand		119	220
Cash at banks			
In current accounts			
Local currency		36,579	22,094
Foreign currency		136,615	57,669
		173,194	79,763
In savings accounts			
Local currency	19.1	46,333	25,146
		<u>219,646</u>	<u>105,129</u>

19.1 These carry mark-up at rates, ranging between 5.98% to 11.97% (2022: 2.98% to 6.96%) per annum.

	June 30, 2023 --- (Rupees in '000') ---	June 30, 2022 --- (Rupees in '000') ---
20. SHARE CAPITAL AND RESERVES		
20.1 AUTHORISED SHARE CAPITAL		
400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10/- each	<u>4,000,000</u>	4,000,000
20.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
300,000,000 (2022: 300,000,000) ordinary shares of Rs. 10/- each issued for cash	3,000,000	3,000,000
38,625,000 (2022: 150,000) ordinary shares of Rs. 10/- each issued as bonus shares	<u>386,250</u>	<u>150,000</u>
	<u>3,386,250</u>	<u>3,150,000</u>

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- 20.3 During the year, the Holding Company issued bonus shares in proportion of 7.5 shares for every 100 shares held i.e. 7.5% amounting to Rs. 236.250 million
- 20.4 As at reporting date, chief executive officer, directors and their spouses held 0.01% (2022: 0.001%), associated undertaking held nil (2022: nil) and the balance of 99.99% (2022: 90.58%) are held by individual and others.
- 20.5 All ordinary shares rank equally with regard to residual assets of the Group. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting rights, board selection, right of first refusal and block voting are in proportion to shareholding.

		June 30, 2023	June 30, 2022
	Note	--- (Rupees in '000') ---	
21. LONG TERM FINANCING			
Secured			
From banks and financial institutions			
Term finance		-	23,438
Diminishing musharaka	21.1	36,614	60,294
		<u>36,614</u>	<u>83,732</u>
Current maturity:			
Term finance		-	(23,438)
Diminishing musharaka		(24,000)	(24,200)
Current maturity shown under current liabilities		<u>(24,000)</u>	<u>(47,638)</u>
		12,614	36,094
Others:			
Term finance certificates	21.2	752,342	734,322
Current maturity shown under current liabilities		(147,238)	(73,619)
		<u>605,104</u>	<u>660,703</u>
		<u>617,717</u>	<u>696,797</u>

- 21.1 This represents the diminishing musharakah facility, which was rescheduled in December 2019. This facility carries a markup at 3 months KIBOR with a floor of 7.5%.
- 21.2 The Term Finance Certificates (TFC's) issued by the company have been restructured effective from October 2021. Under the restructured terms, the outstanding principal amount is repayable over 20 equal quarterly installments beginning from March 31, 2022. Further, markup accrued till December 31, 2020 and the markup accrued post restructuring shall be paid in eight quarterly installments starting from March 31, 2027. These TFC's carry markup at the rate of three month KIBOR. As per the restructured agreement, profit shall not accrue from January 01, 2021 till September 30, 2021.



	Note	June 30, 2023	June 30, 2022
-- (Rupees in '000') --			
22. LEASE LIABILITIES			
Lease liabilities before reassessment		9,968	29,431
Reassessment of lease		11,795	-
Lease liabilities after reassessment		<u>21,763</u>	<u>29,431</u>
Current portion of lease liabilities	26	<u>(11,804)</u>	<u>(19,269)</u>
		<u>9,959</u>	<u>10,162</u>
22.1 Reconciliation of the carrying amount is as follows:			
Opening balance		29,431	45,276
Accretion of interest		4,717	3,965
Reassessment of lease		11,795	-
Lease rental payments made during the year		<u>(24,180)</u>	<u>(19,810)</u>
Lease liability as at June 30,		21,763	29,431
Current portion of lease liabilities	26	<u>(11,804)</u>	<u>(19,269)</u>
Long-term lease liabilities as at June 30,		<u>9,959</u>	<u>10,162</u>
22.2 Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		12,766	18,807
Later than one year but not later than five years		<u>14,407</u>	<u>13,404</u>
		27,173	32,211
Future finance charge		<u>(9,740)</u>	<u>(2,780)</u>
Present value of lease liabilities		<u>17,433</u>	<u>29,431</u>
23. DEFERRED LIABILITIES			
Staff gratuity		<u>8,896</u>	<u>7,936</u>
		<u>8,896</u>	<u>7,936</u>

		June 30, 2023	June 30, 2022
	Note	----(Rupees in '000)----	
24. TRADE AND OTHER PAYABLES			
Pakistan Telecommunication Limited (PTCL)			
Interconnect operators		9,581	7,264
Others		2,139,981	1,226,765
		<u>2,149,562</u>	<u>1,234,029</u>
Other payables			
Contractual liability to customers		9,644	9,644
Advances from franchisees		200	200
Accrued liabilities		232,739	232,313
Payable to employees provident fund		4,339	36,693
Workers' welfare fund		5,091	7,218
Others		153,271	112,546
		<u>405,283</u>	<u>398,614</u>
		<u>2,554,845</u>	<u>1,632,643</u>
25. ACCRUED MARK-UP			
On secured			
Long-term loans		30,783	23,238
Short-term running finance		5,753	6,575
Interest / mark-up against financing		36,536	29,813
On unsecured current accounts			
Others		44,775	41,801
		<u>81,311</u>	<u>71,614</u>
26. LONG TERM FINANCING AND LEASE LIABILITIES			
Running finance from bank - secured	26.1	134,284	138,548
Current maturity			
Term finance certificates	21	147,238	73,619
Diminishing musharaka	21	24,000	24,200
Term finance		-	23,438
		<u>171,238</u>	<u>121,257</u>
Current portion of lease liabilities	22	11,804	19,269
		<u>317,326</u>	<u>279,074</u>

26.1 This represents a running finance facility aggregated to Rs. 200 million (2022: 200 million) obtained by the Holding Company for working capital purpose. This carry mark-up at the rate of 3 months KIBOR plus 2.4% (2022: 3 months KIBOR plus 2.4%) p.a. which is payable quarterly. The facility is secured by way of hypothecation charge over fixed asset with 25% margin, first pari passu charge on current assets, pledge on shares of Holding Company and third party equitable mortgage. The unutilised facility amounts to Rs. 65.72 million (2022: 61.45 million).

27. CONTINGENCIES AND COMMITMENTS

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

- 27.2 The Holding Company filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.
- 27.3 During the year ended June 30, 2017, the Holding Company filed a suit before the Sindh High Court (SHC) challenging notice of demand dated August 24, 2016 on account of APC for USF and show cause notice dated November 17, 2016 issued by PTA dues as of July 31, 2016 amounting to Rs. 3,904.241 million including principal amounting to Rs. 1,304.900 million and fine amounting to Rs. 2,599.340 million. The Court passed ad interim orders restraining the defendants from cancelling the license of and taking any coercive action against the Holding Company. The matter is at the stage of hearing of applications. Management, in consultation with their legal advisor is of the view that the Holding Company has a good and arguable case on merits and the suit is likely to be decreed in favor of the Holding Company.
- 27.4 During the year June 30, 2012, in compliance with the directive of Ministry of Information Technology (MoIT) dated August 13, 2012 and the instructions issued there under by PTA vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 01, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.
- The Competition Commission of Pakistan (CCP), during the year ended June 30, 2013, declared the ICH agreement as illegal and imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each.
- The Holding Company instituted a Constitutional Petition (CP) before the High Court of Sindh for setting aside order dated April 30, 2013 passed by CCP. The Sindh High Court has suspended the impugned order on September 05, 2013, and the matter is pending before the Competition Appellate Tribunal. The Tribunal has admitted the appeal for hearing and also suspended operation of the order impugned in this appeal.
- 27.5 The Holding Company has received notices in respect of payment of WWF for the tax year from 2008 to 2011 amounting to Rs 28.32 million, The Holding Company has filed appeals against these order in High Court of Sindh, which are currently pending. The legal advisor is of the view that Company has a good arguable case as is expected to be decided in the Holding Company favour. Accordingly no provision has been made in these consolidated financial statements
- 27.6 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Holding Company was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Holding Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.810 million. The Holding Company has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.
- An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.92 million against the reported tax loss of Rs. 5.940 million. The Holding Company had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Holding Company, after admitting an adjustment of tax refundable, amounting to Rs. 4.530 million, against tax demand of Rs. 19.360 million, thus creating a final tax demand of Rs. 14.790 million. The Holding Company has filed an appeal in the Court, which has not been heard to-date.
- 27.7 PTCL's claim amounting to Rs.1,634.703 million (2021: Rs.1,634.703 million) in respect of monthly billing has not been acknowledged as debt by the Holding Company. The Holding Company maintains that the said amount is overbilled by the PTCL.

- 27.8 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 17.1 (a & b) to the consolidated financial statements.
- 27.9 Contingencies in respect of the PTA various claims and ISF are disclosed in note 17 to the consolidated financial statements.
- 27.10 No provision on account of above contingencies including note 27.8 and 27.9 has been made in the consolidated financial statements as the management and legal advisors of the Holding Company are of the view, that these matters will eventually be settled in favour of the Holding Company.
- 27.11 Counter guarantees given to banks amounts to Rs. 39.00 million (2022: Rs.47.225 million) .
- 27.12 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Limited, Thailand, in the High Court of Sindh against Supernet Limited for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US\$324,625 equivalent to Rs. 93.817 million (June 30, 2022: Rs. 66.548 million). Out of this amount, a sum of Rs. 24.648 million (June 30, 2022: Rs.24.648 million) had been withheld from the payments made by the company to the above-referred entity. The balance amount of Rs. 69.169 million (June 30, 2022: Rs. 41.900 million) has not been provided for in these consolidated financial statements as the Holding Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in the company's favor and hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in the Holding Company's consolidated financial statements.
- 27.13 A suit was filed by Huawei Technologies Company Limited, China, during the year ended June 30, 2002, in the High Court of Sindh against the Supernet Limited for the return of certain equipment or payment of US\$300,000 equivalent to Rs. 86.700 million (June 30, 2022: Rs 61.500 million) and a compensation of US\$270,000 [approximately Rs. 78.030 million (June 30, 2022: Rs. 55.350 million)] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the company in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in the Holding Company's favor, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in the Holding Company's consolidated financial statements.
- 27.14 The Holding Company entered into a Master Services Agreement (MSA) with Intelsat Corporation in 2011, and various Service Orders with Intelsat Corporation and its affiliates (Intelsat), the last of which was amended in 2018. In 2020, the Holding Company was already in discussion with Intelsat regarding a number of issues, including that it was unable to sell a certain portion of satellite capacity onwards to its customers and utilize the certain capacity purchased for the dedicated purpose due to the fact that, amongst other things, the licenses required by the Holding Company's customers had been delayed by the Government of Pakistan. The said unsold and unusable capacity that the Holding Company was forced to pay for, along with the artificially high rates charged by Intelsat were not in line with the market and was causing loss to business and profitability of the Holding Company.
- 27.15 In May 2020, Intelsat declared bankruptcy due to its inability to meet its debt and other liabilities and as a result of the same, the Holding Company's discussions and negotiations with Intelsat came to a halt. Intelsat's bankruptcy also exposed the Holding Company and its customers to risks about dependability and continuity of services, and increased the risk of termination of service by the Holding Company's customers. Additionally, Intelsat due to its financial crises began unreasonably pressurizing the Holding Company for unjustified payments for unsold and unused capacity.

Considering this, the Holding Company migrated its networks to other service providers and terminated the agreement with Intelsat Corporation. In response, Intelsat has filed a suit in the US to recover an amount of approximately US\$10mn, mostly on account of services which were to be rendered in future by Intelsat to the Holding Company. The management of the Holding Company in consultation with

their legal advisor is confident that no negative outcome is expected and accordingly no provision in this regard has been made by the management in these consolidated financial statements.

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

- 27.16 The income tax assessments of the Holding Company have been finalized up to and including the tax year 2020. While finalizing the Holding Company's income tax assessments for the assessment years 1997-98 to 2002-03, the Taxation Officer had not allowed credit of taxes paid by the Holding Company, aggregating Rs. 17.078 million (June 30, 2022: Rs. 17.078 million), on account of non-verifiability of payment challans. The Holding Company through its tax consultants has applied for a rectification, the management is confident that the eventual outcome of the matter will be decided in favor of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.
- 27.17 During the year ended June 30, 2013, the Holding Company received notice under section 177 of the Income Tax Ordinance, 2001 for the tax year 2008 and subsequently tax demand of Rs. 15.398 million (June 30, 2022: Rs. 15.398 million) was raised. The Holding Company through its tax consultant is pursuing the matter. So far, no adverse action has been taken against the Holding Company by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favor of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.
- 27.18 The Holding Company was issued a show cause notice by PTA in 2015 alleging, amongst other things, that the Holding Company did not seek a Commencement Certificate from PTA when License was issued in the year 2009. Subsequently an order was passed by PTA threatening to suspend the License. The order was challenged by the Holding Company before the High Court through an Appeal, which was disposed of by the High Court in March 2020 requiring the Holding Company to comply with the PTA requirements. The Holding Company has since complied with such requirements, and is awaiting completion of the process by the PTA for issuance of the Commencement Certificate. In parallel, the Holding Company has filed an appeal in the Supreme Court (SC) to contest the decision of the High Court. No assessment of any financial liability that may arise can be made at this stage arising out of the above matter, hence no provision has been made in these consolidated financial statements that may arise as an outcome of this matter.
- 27.19 In the year 2017, the Company filed an appeal against the notices received by the PTA to its customers for discontinuing the VSAT services. The Court passed an interim order whereby the notices were suspended. The matter is at the stage of hearing of application. Accordingly, base on the lawyer's opinion no provision has been made in these consolidated financial statements.
- 27.20 The Holding Company has received a demand of Rs 12.6 million from the Chief Inspector of Stamps, Board of Revenue in respect of payment of deficit stamp duty on the transfer of shares done in the year 1996 to 2000 and in the years from 2011 to 2014, under Section 40(1)(b) of the Stamp Act, 1899. The Company filed an appeal before the Chief Revenue Authority of Sindh, the appeal is on initial stage and no hearing has been set, the lawyer on the grounds that the Chief Inspector of Stamps has failed to properly appreciate the evidence and the Company had paid the stamp duty amounting to Rs. 5.03 million on transfer of shares on August 8, 2003 therefore the appellant was never liable to pay the Stamp duty on Transfer of Shares as it is the responsibility of the transferee as per Section 29(31) of The Stamp Act, 1899. Accordingly, base on the lawyers opinion the provision has not been made in these consolidated financial statements.
- 27.21 The Group has committed to deposit an amount of Rs. 37.876 million (2022: Rs. 22.307 million) in terms of security deposit to its satellite bandwidth vendor.
- 27.22 Letters of guarantee, amounting to Rs. 116.073 million (2022: Rs. 107.551 million), have been issued by commercial banks on behalf of the Group.

		June 30, 2023	June 30, 2022
	Note	----(Rupees in '000')----	
28. REVENUE – NET			
Turnover		4,387,668	3,430,172
Turnkey projects		53,919	734,371
Sale of equipment		1,246,264	262,385
		<u>5,687,851</u>	<u>4,426,928</u>
29. DIRECT COSTS			
Salaries and other benefits	29.1	227,960	201,883
Interconnect charges – net		85,308	128,319
Network media charges		681,793	387,791
Short-term leases - network sites rental		68,831	46,703
Network sites utilities and maintenance		145,435	154,403
Satellite bandwidth & communication charges		1,219,172	878,239
Cost of turn key projects		39,689	188,221
Communication stores consumed	29.2	944,929	506,874
Support service cost		52,079	47,836
Repairs and maintenance		1,948	962
Consultancy		7,819	9,185
Conveyance and travelling		52,327	7,682
Subscription charges		-	15,443
Communication		3,976	2,583
Insurance		11,313	4,998
Annual license fee	29.3	33,342	32,846
Depreciation on operating fixed assets	5.1.4	197,918	190,807
Depreciation on right-of-use assets	7.1	12,151	13,480
Amortisation	6.2	1,954	1,954
Others		53,149	32,314
		<u>3,841,093</u>	<u>2,852,523</u>

29.1 This includes a sum of Rs. 5.102 (June 30, 2022: Rs. 6.030) million in respect of the Group's contribution towards provident fund.

	June 30, 2023	June 30, 2022
	----(Rupees in '000')----	
29.2 Communication stores consumed		
Opening stock	170,160	125,529
Purchases	1,271,126	551,505
	<u>1,441,286</u>	<u>677,034</u>
Closing stock	(496,357)	(170,160)
	<u>944,929</u>	<u>506,874</u>

29.3 The represents Annual licence fee, 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.

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	Note	June 30, 2023	June 30, 2022
		----(Rupees in '000)----	
30. ADMINISTRATIVE & DISTRIBUTION COSTS			
Salaries and other benefits	30.1	688,867	634,996
Postage, telephone and telex		2,737	2,545
Vehicle running and maintenance		35,933	21,104
Travelling and entertainment		34,179	20,820
Office security and maintenance		12,949	8,657
Stationery		4,722	2,888
Rent and utilities		166,981	145,751
Insurance		14,331	6,323
Legal and professional		15,934	24,510
Auditors' remuneration	30.2	6,930	6,337
Sales promotion and marketing		5,901	6,740
Fee and subscription		8,765	9,744
Depreciation on operating fixed assets	5.1.4	11,254	12,689
Depreciation on right-of-use assets	7.1	4,626	2,006
Amortisation	6.2	290	290
Repair and maintenance		19,579	9,213
Communication		4,597	2,986
Loss allowance for debts considered doubtful		105,039	43,174
Provision against slow moving stores		2,501	-
Others		64,420	25,921
		<u>1,210,535</u>	<u>986,694</u>
30.1	This includes Rs. 1.709 million in respect of gratuity expense for the year (2022: Rs. 0.25 million) and Rs. 12.100 (2022: Rs.11.748) million in respect of the Group's contribution towards provident fund.		
		June 30, 2023	June 30, 2022
		----(Rupees in '000)----	
30.2 Auditors' remuneration			
The Holding Company			
Fee for the audit of annual financial statements		2,000	2,000
Fee for the audit of consolidated financial statements		450	450
Fee for the review of half yearly financial statements, COCG and other certifications		1,225	1,620
Out-of-pocket expenses		312	253
		<u>3,987</u>	<u>4,323</u>
Subsidiaries			
Fee for the audit of annual financial statements		1,682	1,325
Fee for the audit of consolidated financial statements		350	200
Review of half yearly financial statements & COCG		500	100
Other services		121	143
Out-of-pocket expenses		290	246
		<u>2,943</u>	<u>2,014</u>
		<u>6,930</u>	<u>6,337</u>

	June 30, 2023	June 30, 2022
Note	----(Rupees in '000)----	
31. OTHER (EXPENSE) / INCOME		
Income from financial assets & liabilities		
Income on saving accounts	23,877	8,294
Provision written back	-	7,675
Mark-up on short term loan	2,669	3,563
Realised and unrealised exchange (loss) / income - net	(112,218)	(87,640)
Gain due to TFC's restructuring	-	163,901
Gain on sale of long term investment	-	500
Liabilities no longer payable written back	6,354	162,652
	<u>(79,318)</u>	<u>258,945</u>
Income from non-financial assets		
Gain on sale of fixed assets	2,290	200
Scrap sale	-	2,353
Others	3,950	2,853
	<u>6,240</u>	<u>5,406</u>
	<u>(73,078)</u>	<u>264,351</u>
32. FINANCE COSTS		
Mark-up on secured:		
Long-term financing	1,420	4,250
Term finance certificates	91,643	55,574
Short-term financing	35,657	24,673
Mark-up on current accounts with others	3,502	4,361
Lease liabilities against ROU assets	4,717	3,965
Bank charges	18,935	7,925
	<u>155,873</u>	<u>100,748</u>
33. TAXATION		
Current year expense	166,726	199,015
Prior year (income) / expense	(27,817)	1,343
	138,909	200,358
Deferred tax (income) / expense	(56,077)	129,105
	<u>82,832</u>	<u>329,464</u>
33.1 Relationship between accounting profit and income tax expense		
Profit before taxation	407,272	751,314
Tax @ 29%	118,109	217,881
Effect of prior period tax	(27,817)	1,343
Others	(7,460)	110,240
	<u>82,832</u>	<u>329,464</u>
33.2 The income tax assessments of the Group have been finalised up to and including the tax year 2022, except for certain tax year in respect of which, appeals are currently in progress at different forums as disclosed in the note 27.		

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Telecard Limited

	Note	June 30, 2023	June 30, 2022
		— (Rupees in '000)' —	
34. EARNING PER SHARE – BASIC AND DILUTED			
34.1 Earnings per share - Basic			
Profit attributable to the owners of the Holding Company		286,728	416,458
			(Restated)
Weighted average number of ordinary shares outstanding during the year (Numbers in '000)		338,625	315,000
Add : Bonus shares issued after the reporting period (Numbers in '000)	34.1.1	-	23,625
		<u>338,625</u>	<u>338,625</u>
Earnings per share - basic (Rupees)		<u>0.85</u>	<u>1.23</u>
34.1.1 During the year, the Holding Company has issued bonus shares. In accordance of the requirement of IAS 33 'Earnings per share' the number of ordinary shares outstanding last year has been adjusted as if the event had occurred at the beginning of the year. Therefore, earnings per share has been restated			
34.2 Earnings per share - Diluted			
No figures for diluted earnings per share have been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.			
		June 30, 2023	June 30, 2022
	Note	—(Rupees in '000)'—	
35. CASH GENERATED FROM OPERATIONS			
Profit before taxation		407,272	751,314
Adjustments for non-cash charges and other items			
Depreciation on operating fixed assets	5.1.4	209,172	203,497
Depreciation on right-of-use assets	7.1	16,777	15,486
Amortisation	6.2	2,244	2,244
Provision for gratuity		1,709	-
Unrealised exchange gain		(6,537)	5,564
Income on saving accounts		(23,877)	(8,294)
Finance costs		136,938	92,823
Loss allowance for debts considered doubtful		105,039	43,174
Mark-up on short term loan		(2,669)	(3,563)
Provision against slow moving stores		2,501	-
Liabilities no longer payable written-back		-	(162,652)
Gain on sale of long term investments		-	(500)
Gain due to TFC restructuring		-	(163,901)
Provisions written back		-	(7,675)
Gain on sale of fixed assets		(2,290)	(200)
		<u>439,007</u>	<u>16,003</u>
Profit before working capital changes		846,279	767,317
Working capital changes	35.1	(493,703)	(779,571)
Cash generated from operations		<u>352,577</u>	<u>(12,254)</u>

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Telecard Limited

June 30, June 30,
2023 2022
----(Rupees in '000')----

35.1. (Increase) / decrease in current assets

Communication stores	(328,698)	(44,631)
Trade debts	(409,426)	(853,599)
Loans and advances	(570,443)	(122,008)
Deposits and prepayment	(106,383)	(79,114)
Other receivables	(7,492)	(101,015)
	(1,422,442)	(1,200,367)
Increase / (decrease) in trade and other payables	928,739	420,796
	<u>(493,703)</u>	<u>(779,571)</u>

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

	June 30, 2023			June 30, 2022		
	Chief Executive Officer Holding Company	Director	Executives	Chief Executive Officer Holding Company	Director	Executives
	----- (Rupees in '000') -----					
Managerial remuneration	10,452	12,581	167,114	10,452	18,924	130,380
Other perquisites and benefits:						
House rent	4,703	5,661	14,687	4,703	8,516	12,034
Medical	15	17	791	-	70	1,968
Retirement benefits	435	524	1,381	871	1,184	5,572
Prequisites and benefits	1,045	1,258	153,060	1,045	1,892	101,883
	<u>6,198</u>	<u>7,460</u>	<u>169,919</u>	<u>6,619</u>	<u>11,662</u>	<u>121,457</u>
	<u>16,650</u>	<u>20,041</u>	<u>337,033</u>	<u>17,071</u>	<u>30,586</u>	<u>251,837</u>
Number of persons	<u>1</u>	<u>2</u>	<u>61</u>	<u>1</u>	<u>3</u>	<u>55</u>

36.1 No remuneration has been paid to any of the non-executive directors during the year except fee for attending board meetings which were paid to non-executive directors amounting to Rs. 0.800 million (June 30, 2022: 0.850 million).

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

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	Note	June 30, 2023	June 30, 2022
		---(Rupees in '000')---	
37. FINANCIAL INSTRUMENTS BY CATEGORY			
37.1 Financial assets at amortised cost			
Long term deposits	8	52,208	57,708
Trade debts	13	2,395,192	2,090,805
Loans and advances	14	-	30,000
Deposits and prepayments	15	225,141	123,759
Accrued mark up	16	11,332	30,328
Other receivable	17	2,680,231	2,672,739
Cash and bank balances	19	219,646	105,129
		<u>5,583,750</u>	<u>5,110,468</u>
37.2 Financial liabilities measured at amortised cost			
Long term financing	21	617,717	696,797
Lease liabilities	22	9,959	10,162
Trade and other payables	24	2,540,111	1,615,781
Short term finance and current portion of long term financing and lease liabilities	26	317,326	279,074
Accrued interest / mark-up	25	81,311	71,614
		<u>3,566,425</u>	<u>2,673,428</u>

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, 2023, the Group is exposed to such risks mainly in respect of long and short-term financing and term finance certificates.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Group's profit by Rs. 10.573 (June 30, 2022: 9.014) million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

38.1.2 Foreign currency risk

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

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Telecard Limited

	June 30, 2023	June 30, 2022
	----- US\$ -----	
Trade debts	193,470	153,414
Bank balances	35	281,488
Trade and other payables	<u>(2,344,553)</u>	<u>(3,156,113)</u>
	<u>(2,151,048)</u>	<u>(2,721,211)</u>

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

Exchange rate (Rupees)	<u>285.90</u>	<u>204.85</u>
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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

	Change in US dollar rate (%)	Effect on profit/(loss) ----(Rupees in '000)----	Effect on Equity
June 30, 2023	+10	<u>(61,498)</u>	<u>(61,498)</u>
	-10	<u>61,498</u>	<u>61,498</u>
June 30, 2022	+10	<u>(55,744)</u>	<u>(55,744)</u>
	-10	<u>55,744</u>	<u>55,744</u>

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, 2023 the Group is not exposed to equity price risk.

38.1.4 Credit risk

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



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

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

	June 30, 2023	June 30, 2022
	----(Rupees in '000)----	
Trade debts	2,395,192	2,090,805
Long term deposits	52,208	57,708
Loan and advances	775,493	189,150
Short term deposits	225,141	123,759
Other receivables	2,676,738	2,669,527
Accrued mark-up	11,332	30,328
Bank balances	219,646	105,129
	<u>6,355,750</u>	<u>5,266,406</u>
Trade debts		
Customers with no defaults in the past one year	<u>2,395,192</u>	<u>2,090,805</u>
Bank balances		
AAA	5,096	6,803
AA	199	199
AA+	122,432	86,360
A+	341	310
A	56,725	-
BBB-	129	7,000
A-1+	34,600	4,219
A-2	5	18
	<u>219,527</u>	<u>104,909</u>

38.1.5 Liquidity risk

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

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

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
----- (Rupees in '000') -----						
Long term financing	-	-	-	599,311	18,407	617,718
Trade & other payables	-	5,091	2,535,020	-	-	2,540,111
Unclaimed dividend	4,394	-	-	-	-	4,394
Accrued mark-up	-	81,311	-	-	-	81,311
Current portion of long term finance	-	140,284	177,042	-	-	317,326
June 30, 2023	4,394	226,686	2,712,062	599,311	18,407	3,560,860

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

Effective interest / mark-up rates for the financial liabilities are mentioned in the respective notes to the consolidated financial statements. Maturity analysis of lease liabilities are disclosed in note 23.2 to the consolidated financial statements.

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).

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

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

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

38.1.7 Capital management

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

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. The gearing ratios as at June 30, 2023 and June 30, 2022 are as follows:

	June 30, 2023	June 30, 2022
	---(Rupees in '000')---	
Total debts	981,539	766,585
Cash and cash equivalent	(219,646)	(105,129)
Debt	761,892	661,456
Issued, subscribed and paid-up capital	4,495,329	4,092,704
Total capital	4,495,329	4,092,704
Capital and debt	5,257,221	4,754,160
Gearing ratio	14.5%	13.9%

39. TRANSACTIONS WITH RELATED PARTIES

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

	June 30, 2023	June 30, 2022
	---(Rupees in '000')---	
Key management personnel and executives		
Remuneration and benefits	337,033	251,837
Non-executive directors		
Meeting fee	800	850

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

40. PROVIDENT FUND RELATED DISCLOSURES

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

			June 30, 2023 (Un-audited)	June 30, 2022 (Audited)
	Note		(Rs. in '000')	
Size of the fund - total assets			145,440	131,140
Cost of the investment made			107,113	67,316
Fair value of investments	40.1		113,122	73,326
Percentage of investments made			77.78%	55.91%
40.1 The break-up of fair value of investments is:				
		%		%
Bank balances/deposits	104,674	92.53%	66,704	90.97%
Mutual funds	8,448	7.47%	6,622	9.03%
	<u>113,122</u>		<u>73,326</u>	

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 580 (June 30, 2022: 578) and average number of employees during the year were 564 (2022: 582).

42. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified / rearranged where necessary for the purpose of better presentation, however, there was no material reclassification of corresponding figures during the year.

43. AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 05 OCT 2023 by the board of directors of the Holding company.

44. GENERAL

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


Chief Executive Officer


Chief Financial Officer


Director



TELECARD LIMITED				
COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS				
AS AT 30/06/2023				
NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
878	1	-	100	36,374
1,121	101	-	500	325,772
1,476	501	-	1,000	1,004,737
4,520	1,001	-	5,000	10,658,995
1,601	5,001	-	10,000	11,386,305
841	10,001	-	15,000	10,137,787
453	15,001	-	20,000	7,922,285
345	20,001	-	25,000	7,764,283
231	25,001	-	30,000	6,418,989
159	30,001	-	35,000	5,168,962
99	35,001	-	40,000	3,767,368
86	40,001	-	45,000	3,670,970
116	45,001	-	50,000	5,617,042



75	50,001	-	55,000	3,956,457
57	55,001	-	60,000	3,319,757
23	60,001	-	65,000	1,437,061
34	65,001	-	70,000	2,314,521
21	70,001	-	75,000	1,544,498
33	75,001	-	80,000	2,557,535
22	80,001	-	85,000	1,808,980
19	85,001	-	90,000	1,661,067
16	90,001	-	95,000	1,469,476
41	95,001	-	100,000	4,059,594
24	100,001	-	105,000	2,458,727
31	105,001	-	110,000	3,347,513
27	110,001	-	115,000	3,048,158
19	115,001	-	120,000	2,241,403
8	120,001	-	125,000	984,553



13	125,001	-	130,000	1,663,932
5	130,001	-	135,000	667,938
6	135,001	-	140,000	826,220
4	140,001	-	145,000	569,000
7	145,001	-	150,000	1,042,666
6	150,001	-	155,000	916,844
3	155,001	-	160,000	472,724
4	160,001	-	165,000	642,750
8	165,001	-	170,000	1,344,002
11	170,001	-	175,000	1,907,277
4	175,001	-	180,000	712,077
2	180,001	-	185,000	367,825
6	185,001	-	190,000	1,127,598
3	190,001	-	195,000	583,500
10	195,001	-	200,000	1,993,588



3	200,001	-	205,000	606,769
7	205,001	-	210,000	1,456,967
7	210,001	-	215,000	1,499,093
3	215,001	-	220,000	660,000
5	220,001	-	225,000	1,101,337
4	225,001	-	230,000	905,425
3	230,001	-	235,000	703,151
1	235,001	-	240,000	238,500
4	240,001	-	245,000	969,037
6	245,001	-	250,000	1,492,407
2	250,001	-	255,000	507,140
2	255,001	-	260,000	515,448
4	265,001	-	270,000	1,076,075
2	270,001	-	275,000	544,093
4	275,001	-	280,000	1,109,961



3	280,001	-	285,000	846,274
3	290,001	-	295,000	878,412
2	295,001	-	300,000	600,000
1	300,001	-	305,000	302,500
4	305,001	-	310,000	1,230,242
2	315,001	-	320,000	639,606
3	320,001	-	325,000	965,500
2	325,001	-	330,000	655,337
2	330,001	-	335,000	668,250
3	335,001	-	340,000	1,012,987
4	340,001	-	345,000	1,372,667
1	345,001	-	350,000	348,750
1	350,001	-	355,000	352,837
2	355,001	-	360,000	717,378
3	365,001	-	370,000	1,104,302



2	370,001	-	375,000	743,980
4	375,001	-	380,000	1,505,563
2	385,001	-	390,000	772,879
1	390,001	-	395,000	393,450
5	395,001	-	400,000	1,994,962
1	400,001	-	405,000	402,413
1	410,001	-	415,000	412,037
1	415,001	-	420,000	415,450
1	420,001	-	425,000	423,721
2	425,001	-	430,000	857,500
1	445,001	-	450,000	448,278
2	450,001	-	455,000	906,806
1	460,001	-	465,000	461,998
1	470,001	-	475,000	473,000
1	485,001	-	490,000	487,500



4	495,001	-	500,000	2,000,000
1	500,001	-	505,000	502,562
1	505,001	-	510,000	507,000
1	515,001	-	520,000	516,125
3	535,001	-	540,000	1,613,136
1	540,001	-	545,000	543,412
1	560,001	-	565,000	563,500
1	575,001	-	580,000	578,212
1	580,001	-	585,000	582,525
1	585,001	-	590,000	588,176
1	615,001	-	620,000	620,000
1	620,001	-	625,000	620,384
1	630,001	-	635,000	635,000
2	640,001	-	645,000	1,286,159
1	685,001	-	690,000	688,000



1	695,001	-	700,000	700,000
1	715,001	-	720,000	716,049
1	725,001	-	730,000	728,300
1	730,001	-	735,000	731,000
1	750,001	-	755,000	752,500
1	755,001	-	760,000	757,500
1	805,001	-	810,000	806,250
1	820,001	-	825,000	820,888
1	885,001	-	890,000	888,512
1	925,001	-	930,000	926,000
1	975,001	-	980,000	979,350
1	995,001	-	1,000,000	1,000,000
1	1,050,001	-	1,055,000	1,055,000
1	1,055,001	-	1,060,000	1,058,468
1	1,070,001	-	1,075,000	1,075,000



1	1,105,001	-	1,110,000	1,107,250
1	1,130,001	-	1,135,000	1,133,265
1	1,190,001	-	1,195,000	1,195,000
1	1,195,001	-	1,200,000	1,195,084
1	1,210,001	-	1,215,000	1,211,873
1	1,275,001	-	1,280,000	1,275,975
1	1,370,001	-	1,375,000	1,375,000
1	1,410,001	-	1,415,000	1,410,937
1	1,460,001	-	1,465,000	1,465,000
1	1,500,001	-	1,505,000	1,505,000
1	1,555,001	-	1,560,000	1,556,062
1	2,130,001	-	2,135,000	2,130,275
1	2,580,001	-	2,585,000	2,581,862
1	2,820,001	-	2,825,000	2,821,875
1	4,395,001	-	4,400,000	4,396,320



1	4,760,001	-	4,765,000	4,765,000
1	4,940,001	-	4,945,000	4,945,000
1	7,865,001	-	7,870,000	7,869,000
1	45,250,001	-	45,255,000	45,254,166
1	63,880,001	-	63,885,000	63,884,956

12,643

338,625,000



Telecard Limited Categories of Shareholders			
As at June 30, 2023			
NAME	NO OF SHARES	NOS	%
INDIVIDUALS	196,383,726	12,530	58
JOINT STOCK COMPANIES	138,369,374	86	40.86
BANKS, DFI'S, INSURANCE COMPANIES	148,623	6	0.04
MODARBAS AND MUTUAL FUND & OTHERS	3,704,915	14	1.09
	142,222,912	106	42.00
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	451	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,693	1	0.00
LEHMAN BROTHERS SECURITIES	3,837	1	0.00
STATE STREET BANK & TRUST CO U.S.A	8,578	1	0.00
	14,559	4	0.00
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
SYED AAMIR HUSSAIN	564	1	0.00
SYED HASHIM ALI	564	1	0.00
WASEEM AHMAD	564	1	0.00
SYED MUHAMMAD PERVEZ SADIQ	537	0	0.00
ASAD MUJTABA NAQVI	537	0	0.00
MUDABBIR HUSSAIN	500	0	0.00
FABZEA AHSEN	537	0	0.00
	3,803	3	0.00
Total	338,625,000	12,643	100

Form of Proxy for the Annual General Meeting

I/We _____ s/o _____ of _____ being a member of **Telecard Limited** and holding _____ ordinary shares as per Folio No. _____ and/or CDC participant I.D. No. _____ and Sub-Account No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my behalf at the Annual General Meeting of the Company to be held on Friday 27 October, 2023 at 1200 at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this _____ day of _____, 2023.

Rupees Five Revenue Stamp

WITNESS:

1. Signature: _____
Name: _____
Address: _____

CNIC No.

						-											-	
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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.

						-											-	
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NOTES:

1. A member of the Company entitled to attend and vote may appoint a proxy to attend and vote instead of him / her. Proxies in-order must be received, during business hours, at the Registered Office of the Company situated at Islamabad not less than 48 hours before the time of holding Annual General Meeting.
2. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity Card (CNIC) along with their CDC Account Number for verification. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
3. For attending the meeting and appointing proxies, CDC account holders will further have to follow the guidelines as laid down in Circular 01 dated 26 January, 2000 issued by the SECP.