SUPERNET

Empowering Networks




ANNUAL REPORT

2023

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supersecure A SUPERNET COMPANY

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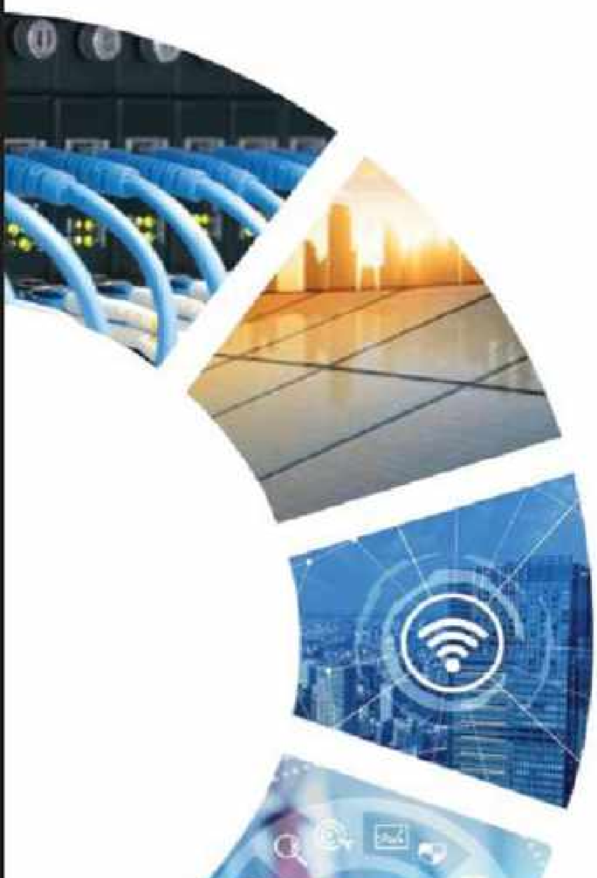
ABOUT SUPERNET



Supernet Limited, one of Pakistan's leading telecommunications service providers and systems integrators, has been operating since 1995. Supernet offers a complete range of enabling ICT solutions with the expertise to, deliver, deploy, and maintain them anywhere in the country through a dedicated team of technology professionals.

With the presence of its engineering resources all over Pakistan, Supernet has a long-standing experience in providing ICT services to corporate customers. Supernet has expanded its portfolio of services to include cyber security solutions, power solutions, IT Infrastructure solutions, and software & applications solutions.

Company Information

Board of Directors	Syed Aamir Hussain(Chairman) Mr. Jamal Nasir Khan (CEO) Syed Hashim Ali Mr. Waseem Ahmad Mr. Asad Mujtaba Naqvi Mr. Ahmer Qamar Ms. Naueen Ahmad
Board Audit Committee	Mr. Asad Mujtaba Naqvi(Chairman) Syed Aamir Hussain Mr. Ahmer Qamar
Human Resource & Remuneration Committee	Mr. Asad Mujtaba Naqvi(Chairman) Mr. Jamal Nasir Khan Mr. Ahmer Qamar
Chief Executive Officer	Mr. Jamal Nasir Khan
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Syed Hashim Ali
Company Secretary	Mr. Waseem Ahmad
Banks	Habib Metropolitan Bank Ltd Standard Chartered Pakistan National Bank of Pakistan Meezan Bank Limited Silk 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	9th Floor, World Trade Center, 10- Khayaban-e-Roomi, Clifton, Karachi Pakistan

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Notice of Annual General Meeting

Notice is hereby given that the 03rd Annual General Meeting of the shareholders of the Company will be held on **Friday 27 October 2023 at 1100 hours**, at **3rd Floor, 75 East Blue Area, Fazal-ul-Haq Road, Islamabad** to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting held on 27 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://super.net.pk/financial-statements.php

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

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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 the Annual General Meeting.

   "I/We, ____________________ of ____________, being a member of Supernet 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. Proxy 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 Supernet 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 03rd Annual General Meeting to be held on Friday, 27 October 2023 at 1100hrs 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.super.net.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 2023 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, 9th floor World Trade Centre, 10 Khayaban-e-Roomi, Block-5, Clifton, Karachi or email at ghufran.shaheer@corporate.super.net.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 3rd Annual General Meeting to be held on Friday, 27 October 2023 at 1100 hours, at 3rd Floor, 75 East Blue Area, Fazal ul Haq Road, Islamabad **Email Address:** ghufran.shaheer@corporate.super.net.pk
Website: http://super.net.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 theresolution 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 Supernet Limited at 9th Floor, Tower B, World Trade Center, Khayaban-e-Roomi, Block-5, Clifton, Karachi South, Sindh 75600 or e-mail at **ghufran.shaheer@corporate.super.net.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 Letteretc., 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.super.net.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 Supernet Limited are pleased to present the Financial Statements and review of your Company's performance for the year ended 30 June 2023.

Market Overview

There has been considerable growth in the area of communications, connectivity, digitalization and e-commerce in the year Financial Year ended 30 June 2023. There is more dependency on digital transactions as businesses are moving towards digital and online systems. Digital Bank licenses has been issued indicating the growth in the digitalization of banking sector.

Government has increased its focus on exports of digital services including software and BPO including cybersecurity. Cybersecurity Regulations are being enacted in different sectors of market. e.g. NEPRA has issued Regulations for Power Sector Cybersecurity. National CERT has been established and government is planning to establish Cybersecurity Authority as well.

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

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

Financial Performance

	Standalone (Rs. In '000)		Consolidated (Rs. In '000)	
	FY 22-23	FY 21-22	FY 22-23	FY 21-22
Revenue	3,428	2,837	3,920	3,156
Gross profit	848	839	1,128	1,053
EBITDA	416	577	571	683
Net Profit	51	188	188	288
EBITDA Per Share	3.37	5.14	4.63	6.09
EPS	0.41	1.52	1.50	2.33

The Company improved the gross profit percentage @ 7% on a consolidated basis in the current financial year which is attributable to increase in the revenue mix of those projects which carry higher gross profit ratio and rationalism of direct cost. The Company has reported a profit after taxation of Rs. 188 million as against a profit of Rs. 288 million during the corresponding financial period. The earning per share stood at Rs. 1.50 compared to a profit per share of Rs. 2.33 in preceding twelve months.

On a standalone basis the revenue for the period ended 30 June 2023 was Rs. 3,428 million as against the revenue of Rs. 2,837 million for the corresponding financial year. The Company was able to better manage the gross profit percentage compared to the preceding financial year, however the increase in electricity charges and Pakistani Rupees depreciation causing a massive exchange loss pushed the profit before taxation figure below that of preceding financial year.

The earning per share stood at Rs. 0.41 compared to a profit per share of Rs. 1.52 in the last time frame due to the above stated reason.

Business Development Opportunities

The Company during the year won major contracts in cybersecurity and IT Infrastructure Domain from Banks, FMCG and Telco's. During the year SuperSecure, a substantially owned subsidiary of Supernet has increased its product and services portfolio to deliver IT & OT cybersecurity by signing contracts with leaders in their respective domain in the cybersecurity.

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

Future Outlook - Challenges and Way Forward

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

Cognizant of the emerging opportunities in the growth of ICT and Cybersecurity sectors in local as well as global basis, your Company is expanding its footprint into Enterprise Security Solutions and Business Process Software Platforms by forming global alliances and leveraging in house expertise to deliver best in class solutions to its customers through itself and its subsidiaries. The company is actively looking towards enhancing its presence in technology sector and feels confident that it will do so in coming months while growing its existing business lines.

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 ICT 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.

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Corporate and Social Responsibility

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

Transfer Pricing

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

Directors Declaration on Corporate and Financial Reporting Framework

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

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

ii. Proper books of accounts of Supernet 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 Supernet'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 meeting was held and attended as follows:

Name of Directors	No. of meetings attended
Syed Aamir Hussain	4
Mr. Jamal Nasir Khan	4
Syed Hashim Ali	4
Mr. Waseem Ahmad	4
Mr. Asad Mujtaba Naqvi	4
Mr. Ahmer Qamar	4
Ms. Naueen Ahmed	4

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

Name of Directors	No. of meetings attended
Mr. Asad Mujtaba Naqvi	4
Syed Aamir Hussain	4
Mr. Ahmer Qamar	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 is pleased to declare 10% bonus shares from its profits for the year end.

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

Jamal Nasir Khan
Chief Executive Officer

Waseem Ahmad
Director

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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 Supernet 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 Technology Industry. The revenue posted for the year ended 30 June 2023 was Rs. 3.428 billion as compared to Rs. 2.837 billion for the preceding financial year. The increase in revenue is attributable to beyond connectivity margins which were higher than the preceding year.

On a consolidated basis the Company posted revenue of Rs. 3.920 billion as compared to 3.156 billion in the preceding financial year, the operating profit was reported at Rs. 325 million, as compared to Rs. 415 million for the corresponding time frame.

Composition of the Board

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

Board Committees

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

Financial Reporting

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

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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 Aamir Hussain
Chairman

SUPERNET LIMITED
Karachi

October, 05 2023

SUPERNET LIMITED

Karachi: 9th Floor, World Trade Center, 10 Khayaban-e-Roomi, Block 5, Clifton. Tel: (+92-21) 3587 1864-7, (+92-21) 3855 0000, Fax: (+92-21) 3587 1869
Lahore: 2nd Floor, Block 2, Awami Complex, New Garden Town. Tel: (+92-42) 3583 1254, (+92-42) 3586 5637, Fax: (+92-42) 35866184
Islamabad: 75 East, Blue Area, Fazal-e-Haq Road. Tel: (+92-51) 2344 131-2, Fax: (+92-51) 2344 134

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چیئرمین جائزہ رپورٹ

تعارف

بورڈ کی قیادت اور کامیابی بنیادی طور پر چیئرمین 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 اوران کے لیے پرعزم ہیں۔کمپنی کے بہترین انداز میں نظم وضبط بالخصوص بورڈ کی افادیت اور گروپ کو درپیش خطرات سے بچاؤ کے انتظام کی مؤثر کارکردگی کی اہمیت کیلئے میں اور میرے شریک ڈائریکٹرز بھرپور معترف ہیں۔

مالیاتی کارکردگی

میں انتہائی مسرت کے ساتھ سپرنیٹ لمیٹڈ اوراس کے ذیلی اداروں (گروپ) کی 30 جون 2023 کو ختم ہونے والے مالی سال کی کارکردگی پیش کررہا ہوں۔دور مسابقتی ہے اور کمپنی ٹیلی کام انڈسٹری میں شدید مسابقت کے مابین کام کررہی ہے۔30 جون 2023 کو مختتمہ سال کے لیے گزشتہ لی سال کے 2.837 بلین روپے کے مقابلے میں 3.428 بلین روپے آمدنی ریکارڈ کی۔آمدن میں اضافہ گزشتہ سال کی نسبت زائد مربوط حاشیہ (کنیکٹیویٹی مارجن) کی بدولت ہے۔کمپنی نے گزشتہ مالی سال کے 3.156 بلین کے مقابلے،مجموعی بنیاد پر 3.920 بلین روپے کی آمدنی ریکارڈ کی۔انتظامی منافع 325 ملین روپے رہا،جوکہ اسی مدت کے لیے 415 ملین 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۔

بورڈ کمیٹیز

بورڈ کو کمیٹیوں کی معاونت حاصل ہے،آڈٹ کمیٹی مالی حسابات کا جائزہ لیتی ہے اوراس بات کو یقینی بناتی ہے کہ اکاؤنٹس کمپنی کی واضح اور درست مالی پوزیشن پیش کرے۔ہیومن ریسورس کمیٹی انسانی وسائل کی پالیسی،اس کے نفاذ،اورسب سے اہم کامیاب منصوبہ بندی کی نگرانی کرتی ہے۔

مالیاتی رپورٹنگ

بورڈ کمپنی کی پوزیشن اورامکانات 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 رسمی مالیاتی اور آپریشنل طریقہ کار کا دستورالعمل تشکیل دیا ہے۔انتظامیہ رپورٹنگ کے جدید معیارات کی اشاعت پر نظر رکھتی ہے اوران 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،تاہم غیر حتمی،درستگی اور موزونیت پر انحصار کرنے کے قابل بنانا ہے۔اندرونی کنٹرول کی ساخت بنیادی طور پر مالیاتی رپورٹنگ،آپریٹنگ کنٹرول،ٹریژری،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 عامر حسین

چیئرمین

05 اکتو. 2023

SUPERNET 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	3,428	2,837	2,469	2,559	2,866	2,451
Direct costs	(2,580)	(1,998)	(1,807)	(1,948)	(2,347)	(1,816)
Gross profit	**848**	**839**	**662**	**610**	**519**	**635**
Gross Profit %	*25%*	*30%*	*27%*	*24%*	*18%*	*26%*
G&A	(577)	(457)	(407)	(345)	(390)	(327)
Other income / (expenses)	(103)	(74)	75	(9)	176	(27)
	(680)	(531)	(332)	(354)	(213)	(354)
Operating profit	**168**	**309**	**330**	**256**	**306**	**281**
Operating Profit %	*5%*	*11%*	*13%*	*10%*	*11%*	*11%*
Finance costs	-35	(26)	(25)	(37)	(34)	(27)
Profit / (loss) before taxation	**133**	**283**	**305**	**219**	**272**	**254**
Taxation	-82	(95)	(102)	(199)	(232)	(174)
Net Profit / (loss) for the period	**51**	**188**	**203**	**21**	**40**	**80**
EBITDA	**416**	**577**	**467**	**370**	**415**	**370**
EBITDA%	*12%*	*20%*	*19%*	*14%*	*14%*	*15%*

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

SUPERNET 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 the Board is as follows:

Category	Names
Independent Director*	Mr. Asad Mujtaba Naqvi
Non-Executive Directors	Syed Aamir Hussain
	Mr. Ahmer Qamar
Executive Directors**	Mr. Jamal Nasir Khan
	Syed Hashim Ali
	Mr. Waseem Ahmad
	Ms. Naueen Ahmed
Female Director	Ms. Naueen Ahmed

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

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

SUPERNET
Empowering Networks

9. During the year, no Director Training Program was arranged for the Directors;

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;

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. Ahmer Qamar	Non-Executive Director	Member
Syed Aamir Hussain	Non-Executive Director	Member

Human Resource & Remuneration Committee		
Name of Members	**Category**	**Designation**
Mr. Asad Mujtaba Naqvi	Independent Director	Chairman
Mr. Jamal Nasir Khan	Chief Executive Officer	Member
Mr. Ahmer Qamar	Non-Executive Director	Member

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

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

Audit Committee	Quarterly
Human Resource & Remuneration Committee	Annually

15. The internal audit function has been setup by the Board at the group level who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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

18. We confirm that all requirements of regulations 3, 7, 27, 32, 33 and 36 of the Regulations have been complied with.

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Reg no.	Section.	Regulation	Explanation
6	1	It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	Efforts are underway to increase the number of Independent Director as prescribed by the Regulations.
8	1	It is mandatory that the executive directors, including the chief executive officer, shall not be more than one third of the Board.	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).	The Company is striving hard to achieve compliance of the referred Regulation and effort are underway to be compliant in succeeding years. Further, the majority of the Board is DTP Certified.

Syed Aamir Hussain
Chairman

SUPERNET LIMITED Karachi

Jamal Nasir Khan
Director /Chief Executive Officer

October 05, 2023

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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

Independent Auditor's Review Report to the Members of Supernet 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 **Supernet 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 stated in the para 19 reference 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 does not have at least two or one third members of the Board, whichever is higher, as Independent Director as prescribed in Regulation No. 6.
3	The Company is striving hard to achieve compliance under Director Training Program as per the criteria specified in Regulation No 19 (1) (ii) and effort are underway to be compliant in succeeding years.

Parker Russell AJS

(Chartered Accountants)
Place: Karachi
Date: October 05, 2023

UDIN: CR20231019276yrDHFRx

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

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

Opinion

We have audited the annexed unconsolidated financial statements of **Supernet 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.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition	
The Company has reported revenue amounting to Rs. 3,427.92 million during the year ended June 30,	Our key audit procedures in this area amongst others included the following:

Key audit matters	How the matter was addressed in our audit
2023. The Company provides data networking and support services, sale of equipment's and licenses and carrying certain turnkey projects. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. In addition, revenue is also considered as an area of significant risk as part of the audit process.	• 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 comprising of various revenue streams 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 appropriateness of disclosures made in the unconsolidated financial statements related to revenue.
2. Recoverability of trade debts As at June 30, 2023, the Company's gross trade debtors were Rs. 1,480.993 million against which allowances for expected credit losses of Rs. 72.034 million have been recognized. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts included the following: • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • agreeing, on a sample basis, ageing the balances used in management's estimate of expected credit loss with the books of account of the Company; • testing the assumptions and estimates made by management for the allowances for doubtful debts; and • evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.

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

Information Other than the Unconsolidated 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 auditors' report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Parker Russell AJS

(Chartered Accountants)
Date: October 05, 2023
Karachi.

UDIN: AR202310192MCNHYoqd9

Supernet Limited
Unconsolidated 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	4	356,632	366,577
Intangible assets	5	578	868
Right-of-use assets	6	8,267	2,067
Long-term investments	7	59,709	19,709
		425,186	389,221
Long-term deposits	8	95	95
Deferred taxation	9	62,718	63,616
		487,999	452,932
Current assets			
Communication stores	10	200,650	162,603
Short term investment	11	-	125,000
Trade debts	12	1,408,959	1,563,689
Advances, deposits and prepayments	13	789,155	270,821
Other receivables	14	237,314	201,620
Taxation - net		120,230	80,068
Cash and bank balances	15	18,118	30,853
		2,774,426	2,434,654
Total assets		3,262,425	2,887,586

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

Chief Executive Officer **Chief Financial Officer** **Director**

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

	Note	June 30, 2023	June 30, 2022
		---- (Rupees in '000) ----	
Equity and liabilities			
Share capital & reserves			
Authorised share capital 150,000,000 (2022: 150,000,000) ordinary shares of Rs.10/- each	16.1	1,500,000	1,500,000
Issued, subscribed and paid-up capital	16.2	1,234,444	1,122,222
Share premium	16.3	33,436	145,658
Revenue reserve - unappropriated profit		344,788	293,985
		1,612,668	1,561,865
Non-current liabilities			
Lease liabilities	17	8,081	616
Deferred liability	18	2,173	2,419
		10,254	3,035
Current liabilities			
Trade and other payables	19	1,479,783	1,141,984
Due to related parties	20	6,266	-
Accrued markup	21	5,968	7,315
Contractual liability to customer	22	8,872	8,872
Current portion of lease liabilities and short term financing	23	138,614	164,515
		1,639,503	1,322,686
Contingencies & commitments	24		
Total equity and liabilities		3,262,425	2,887,586

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

Chief Executive Officer **Chief Financial Officer** **Director**

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

	Note	June 30, 2023	June 30, 2022
		------- (Rupees in '000) -------	
Revenue - net	25	3,427,923	2,837,028
Cost of services	26	(2,580,209)	(1,998,357)
Gross profit		847,714	838,671
Administrative & other expenses	27	(372,865)	(288,296)
Distribution costs	28	(203,663)	(167,219)
Exchange loss		(112,144)	(90,504)
		(688,672)	(546,019)
Other income	29	8,823	16,555
		(679,849)	(529,464)
Operating profit		167,865	309,207
Finance costs	30	(34,775)	(26,396)
Profit before taxation		133,090	282,811
Taxation	31	(82,287)	(94,714)
Profit after taxation		50,803	188,097
		-------**Amount in Rupees**-----	
			(Restated)
Earnings per share - basic and diluted	32	0.41	1.52

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

Chief Executive Officer **Chief Financial Officer** **Director**

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

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) ----	
Profit after taxation	50,803	188,097
Other comprehensive income	-	-
Total comprehensive income for the year	50,803	188,097

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

Chief Executive Officer **Chief Financial Officer** **Director**

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

	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserve	Total
		Share premium	Un appropriated profit	
	(Rupees in '000')			
Balance as at July 01, 2021	1,000,000	-	105,888	1,105,888
Profit for the year	-	-	188,097	188,097
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	188,097	188,097
Share issued	122,222	152,778	-	275,000
Cost of issuance of shares	-	(7,120)	-	(7,120)
Balance as at June 30, 2022	1,122,222	145,658	293,985	1,561,865
Issue of bonus shares	112,222	(112,222)	-	-
Profit for the period	-	-	50,803	50,803
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	50,803	50,803
			-	-
Balance as at June 30, 2023	1,234,444	33,436	344,788	1,612,668

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

Chief Executive Officer **Chief Financial Officer** **Director**

Supernet Limited
Unconsolidated Statement of Cashflows
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 operations	33	212,695	93,629
Income tax paid		(121,551)	(32,453)
Finance cost paid		(30,354)	(20,747)
Gratuity paid		(749)	(391)
Net cash generated from operating activities		60,041	40,038
Cash flows from investing activities			
Purchase of property and equipment	4.1	(129,479)	(156,304)
Proceeds from maturity of short-term investments		125,000	(125,000)
Investment in subsidiary		(40,000)	(17,200)
Income received from saving account		4,380	3,674
Net cash used in investing activities		(40,099)	(294,830)
Cash flows from financing activities			
Proceeds from issuance of shares		-	275,000
Long term-financing		-	(23,438)
Lease rentals paid		(4,975)	(2,822)
Short-term running finance		(27,702)	(16,327)
Net cash generated from / (used in) financing activities		(32,677)	232,413
Net decrease in cash and cash equivalents		(12,735)	(22,379)
Cash and cash equivalents at the beginning of the year		30,853	53,232
Cash and cash equivalents at the end of the year	15	18,118	30,853

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

Chief Executive Officer **Chief Financial Officer** **Director**

Supernet Limited
Notes to the Financial Statement
For the year ended June 30, 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Supernet Limited (the Company) was incorporated in Pakistan on March 14, 1995 as an unquoted public company under the Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017). The Company became listed on Pakistan Stock Exchange at GEM Board on May 10, 2022.

The Company 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.

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 its regional office is located at 2nd Floor, Block 2, Awami Complex, New Garden Town, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of prepartion

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

2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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.

2.3 Functional and presentation currency

Items included in the 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 Pakistani Rupees (Rs.), which is the Company's functional and presentation currency.

2.4 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.

	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

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

2.5 Significant accounting estimates and judgments

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

The preparation of these financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which estimate is revised and in any future periods affected.

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

	Note
Determining the residual values and useful lives of fixed and intangible assets	3.1, 3.2,4 & 5
Impairment of fixed assets & intangible assets	3.1, 3.2,4 & 5
Provisions for doubtful debts and other receivables	3.12.7, 12 & 13
Recognition of tax and deferred tax	3.15, 9 & 31
Other provisions and contingent liabilities	3.11 & 24
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14 & 17
Determining the useful lives and carrying value of ROU assets	3.3 & 6
Provision against obsolete items	3.5 & 10

3 Fixed assets

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, 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 Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to the profit or loss during the period in which they are incurred.

Disposal of assets is recognized when significant risk and rewards incidental to the ownership have been transferred to buyer, gains and losses on disposal are determined by comparing the proceeds with the carrying amount and recognized in the statement of profit or loss for the year.

Depreciation is charged to the statement of profit or loss by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 4 to these unconsolidated financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment loss, if any, or its reversal, is also charged to the statement of profit or loss for the period. 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 upto 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 the statement of profit or loss for the year.

The assets residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate at each reporting date.

Capital work-in-progress

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

3.2 Intangible assets and amortisation

These are carried at cost less accumulated amortisation, and accumulated impairment losses, if any. Amortisation is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives at the rates specified in note 5 to these unconsolidated financial statements, and is charged to the statements of profit or loss. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

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

3.3 Right of use asset

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

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

3.4 Investments

Subsidiary companies

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

3.5 Communication stores

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

Net realisable value signifies the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amounts of communication stores on an on going basis and provision is made for obsolescence if there is any change in usage pattern and physical form.

3.6 Trade debts and other receivables

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

3.7 Loans and advances

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

3.8 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, cash in hand and investments having a maturity of upto three months.

3.9 Trade and other payables

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

3.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

3.11 Provisions

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

3.12 Financial instruments

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

3.12.1 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 measured at fair value through profit or loss then transaction costs is also capitalized as part of the financial asset. Except for trade receivables which are measured at the transaction price determined in accordance with IFRS 15.

Financial assets can be 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 (Cash flow characteristic test).

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

3.12.2 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 & Cash Flows Characteristics 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 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 statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.12.3 Derecognition of financial assets

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

3.12.4 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 statement of profit or loss. Financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are subsequently measured at amortised cost using the EIR method.

3.12.5 Derecognition of financial liabilities

Derecognition of financial liabilities occurs from the 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 statement of profit or loss as other income or finance costs.

3.12.6 Off-setting of financial assets and financial liabilities

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

3.12.7 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 statement of profit or loss.

3.13 Employees' benefits

Gratuity fund

The Company operated an unfunded gratuity scheme for limited number of employees who are elligible under old scheme. The scheme was replaced by recognised provident fund scheme effective from April 01, 2008.

Provident fund

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

3.14 Lease liability against ROU assets

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

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

3.15 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the date of the statement of financial position. 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 income tax is recognised, using the balance sheet liability method, on all temporary differences arising at the date of statement of financial position between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred tax liabilities are 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 at the date of statement of financial position.

3.16 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 in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date of statement of financial position. 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 statement of profit or loss.

3.17 Revenue recognition

The Company recognises 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.

- Revenue from data networking services is recognised upon the rendering of such services.
- Revenue from turnkey projects is recognised on percentage of completion basis.
- Revenue from sales of equipment is recognised when equipment is dispatched to customers.
- Revenue from sales of third party software is recognised when the 'right to use' is granted to the customers.
- Return on bank balances is accrued using an effective interest method.
- Dividend income is recognised when the right to receive payment is established.

3.18 Dividend and other appropriation of reserves

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

3.19 Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share 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 earnings per share 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.

3.20 Related party transactions

Related parties comprise of parent company, 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 terms 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:

Name of related party	Basis of relationship	% of share holding
Telecard Limited	Holding Company	81.185%
Supernet E-Solutions (Private) Limited	Wholly owned subsidiary	100%
Supernet Secure Solutions (Private) Limited	Subsidiary company	80%
Phoenix Global FZE	Wholly owned subsidiary	100%
Supernet Infrastructure Solutions (Private) Limited	Wholly owned subsidiary	100%
Telegateway Limited	Wholly owned subsidiary of Holding Company	-
Nexus Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-
Glitz Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-

(Continued on next page)

Name of related party	Basis of relationship	% of share holding
Globetech Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-
Mr. Shams ul Arfeen	Key management personnel	-
Mr. Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Ms. Naueen Ahmed	Key management personnel	-
Mr. Jamal Nasir Khan	Key management personnel	-
Syed Imran Hyder Jafri	Key management personnel	-

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

4. PROPERTY AND EQUIPMENT

	Note	June 30, 2023	June 30, 2022
Operating fixed assets	4.1	356,632	366,577

4.1 Operating fixed assets

	Note	Cost: As at July 01, 2022	Cost: Additions	Cost: As at June 30, 2023	Accumulated depreciation: As at July 01, 2022	Accumulated depreciation: Charge for the year	Accumulated depreciation: As at June 30, 2023	WDV as at June 30, 2023	Depreciation rate per annum %
		(Rupees in '000')							
Owned assets									
Leasehold improvements		36,180	-	36,180	34,964	1,127	36,091	89	20
Communication equipments	4.2	2,053,876	124,752	2,178,628	1,702,574	131,894	1,834,468	344,160	20
Furniture, fixtures and office equipments		48,450	-	48,450	41,261	2,324	43,585	4,865	10
Computers and accessories		60,853	4,727	65,580	55,300	3,526	58,826	6,754	33
Motor vehicles		14,604	-	14,604	13,287	553	13,840	764	20
		2,213,963	129,479	2,343,442	1,847,386	139,424	1,986,810	356,632	

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

	Note	Cost: As at July 01, 2021	Cost: Additions	Cost: As at June 30, 2022	Accumulated depreciation: As at July 01, 2021	Accumulated depreciation: Charge for the year	Accumulated depreciation: As at June 30, 2022	WDV as at June 30, 2022	Depreciation rate per annum %
		(Rupees in '000')							
Owned assets									
Leasehold improvements	4.5	36,180	-	36,180	32,440	2,524	34,964	1,216	20
Communication equipments	4.2	1,902,733	151,143	2,053,876	1,567,797	134,777	1,702,574	351,302	20
Furniture, fixtures and office equipments		48,313	137	48,450	38,788	2,473	41,261	7,189	10
Computers and accessories		55,829	5,024	60,853	53,137	2,163	55,300	5,553	33
Motor vehicles		14,604	-	14,604	12,735	552	13,287	1,317	20
		2,057,659	156,304	2,213,963	1,704,897	142,489	1,847,386	366,577	

4.2 Equipment, costing Rs. 1,362.14 million (2022: Rs. 1,278.70 million), having a net book value of Rs. 272.710 million (2022: Rs. 454.302 million) are in the possession of the customers of the Company in the ordinary course of business.

	Note	June 30, 2023	June 30, 2022
		(Rupees in '000')	
4.3 Depreciation for the period has been allocated as follows:			
Cost of services	26	131,894	134,777
Administrative expenses	27	7,530	7,712
		139,424	142,489

4.4 The cost of fully depreciated assets as at June 30, 2023 is Rs. 1,698.60 million (2022: Rs.1,467.22 million).

4.5 Lease hold improvement has been made on Flat-A and B situated on 2nd and 3rd floor, Block No. 2, Awami Complex, 1-4, Usman Block, New Garden Town, Lahore. The area of the building is 2,424 and 1,600 square feet on each floor respectively, and another lease hold improvement is of 5,115 square feet siutated on the 9th floor of the Tower-B, 10 Khayaban-E-Roomi, Block-5, KDA Scheme No. 5, Clifton, Karachi.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
5.	**INTANGIBLE ASSETS**			
	Computer software	5.1	578	868
5.1	**Cost**			
	As at July 01		41,224	41,224
	Transferred from capital work-in-progress		-	-
	As at June 30		41,224	41,224
	Accumulated amortisation			
	Opening balance		(40,356)	(40,066)
	Charge for the year		(290)	(290)
	Closing balance		(40,646)	(40,356)
	Net book value		578	868
	Annual rates of amortization		20%	20%
6.	**RIGHT-OF-USE ASSETS**			
	As at July 01,			
	Cost		8,823	8,823
	Accumulated depreciation		(6,756)	(4,750)
	Net book value		2,067	4,073
	Movement during the year			
	Opening net book value		2,067	4,073
	Increase in cost on modification of lease term	6.1	10,826	-
	Depreciation for the year		(4,626)	(2,006)
	Closing net book value		8,267	2,067
	As at June 30,			
	Cost		8,823	8,823
	Increase in cost on modification of lease term		10,826	-
	Accumulated depreciation		(11,382)	(6,756)
	Net book value		8,267	2,067

6.1 During the year, the Company has extended its lease. Consequently, the Company has recognised further lease liabilities with a corresponding increase in right-of-use assets.

		Note	June 30, 2023	June 30, 2022
7.	**LONG-TERM INVESTMENTS**		------ (Rupees in '000') -----	
	Subsidiary companies - at cost - unquoted			
	Supernet-E-Solutions (Private) Limited	7.1	100	100
	Supernet Secure Solutions (Private) Limited	7.2	18,000	18,000
	Phoenix Global FZE	7.3	609	609
	Supernet Infrastructure Solutions (Private) Limited	7.4	41,000	1,000
			59,709	19,709

7.1 This represents Company's investment in 100% equity shares of Supernet-E-Solutions (Private) Limited. The Company holds 10,000 (2022: 10,000) ordinary shares of Rs. 10/- each.

7.2 This represents Company's investment in 80% equity shares of Supernet Secure Solutions (Private) Limited. The Company holds 1,800,000 (2022: 1,800,000) ordinary shares of Rs. 10/- each.

7.3 This represents Company's investment in 100% equity shares of Phoenix Global FZE. The Company holds 08 (2022: 08) ordinary shares of AED 1,000/- each.

Disclosure required under Companies Act, 2017

Name:	Phoenix Global FZE
Registered address:	Office No. E-100F-04 Hamriyah Free Zone - Sharjah.
Country:	United Arab Emirates
% of holding:	100%
Chief executive officer:	Shams-ul-Afreen
Operational status:	Active
Auditor's opinion:	Unmodified

7.4 During the year, the Company has made an additional investment of Rs 40 million to expand business as was proposed in the prospectus to book building.The Company holds 4,100,000 (2022: 10,000) ordinary shares of Rs 10/- (2022:100) each.

	Note	June 30, 2023	June 30, 2022
		------ (Rupees in '000') -----	
8. LONG-TERM DEPOSITS			
Security deposits - considered good		95	95
9. DEFERRED TAXATION			
Deductible temporary differences			
Accelerated accounting depreciation		35,575	26,786
Deferred liability - staff gratuity		630	702
Doubtful debts and other provision		27,217	25,390
Others		-	8,975
Exchange differences		-	1,450
Lease liabilities		3,599	912
		67,021	64,215
Taxable temporary differences			
Right-of-use assets		(2,397)	(599)
Exchange differences		(1,906)	-
		(4,303)	(599)
		62,718	63,616
10. COMMUNICATION STORES			
Stores		200,073	149,743
Provision against obsolete store items	10.1	(19,376)	(16,875)
		180,697	132,868
Consumables		19,953	29,735
		200,650	162,603
10.1 Provision against obsolete store items			
Opening balance		16,875	16,875
Charge for the year		2,501	-
Closing balance		19,376	16,875

8053

	June 2023	June 2022
	------ (Rupees in '000') -----	
11. SHORT TERM INVESTMENT		
Special sharikah certificates	-	125,000

11.1 These investments were made in special sharikah certificates on Musharaka basis with the commercial bank carrying expected return at the rate of 12% to 13.75% per annum and all of the investment has been matured as at year ended June 30, 2023.

	Note	June 2023	June 2022
		------ (Rupees in '000') -----	
12. TRADE DEBTS			
Unsecured-considered good			
Related parties	12.1	251,674	167,221
Others		1,157,285	1,396,468
		1,408,959	1,563,689
Considered doubtful trade debts		72,034	68,237
Loss allowance for ECLs	12.2	(72,034)	(68,237)
		1,408,959	1,563,689

	June 2023	June 2022
12.1 Related parties		
Telecard Limited	70,471	84,628
Phoenix Global FZE	180,525	77,762
Supernet E-Solutions (Private) Limited	678	4,831
	251,674	167,221

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

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') -----	
Telecard Limited	84,628	84,628
Phoenix Global FZE	180,525	77,762
Supernet E-Solutions (Private) Limited	678	4,831

	June 2023	June 2022
12.2 Loss allowance for ECL		
Opening balance	68,237	85,062
Loss allowance made during the year	73,824	43,175
Provisions written off	(70,027)	(60,000)
Closing balance	72,034	68,237

12.3 The ageing analysis of unimpaired trade debts is as follows:

	Total	Past dues but not impaired			
		Neither past due nor impaired	> 1 month up to 3 months	> three months up to one year	Above one year
	--------	--------	Rupees '000'	--------	--------
Related party	251,674	43,034	18,683	50,791	139,166
Others	1,157,285	254,462	176,105	126,530	600,188
June 30, 2023	1,408,959	297,496	194,788	177,321	739,354
Related party	167,221	84,628	13,706	35,640	33,247
Others	1,396,468	645,678	145,515	148,826	456,449
June 30, 2022	1,563,689	730,306	159,221	184,466	489,696

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
13.	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advances - considered good, unsecured			
	Employees - against expenses and projects		18,951	37,591
	Suppliers		652,986	125,721
			671,937	163,312
	Deposits - considered good			
	Earnest money		41,003	32,785
	Margin against guarantee		69,242	67,400
	Others		4,665	4,879
			114,910	105,064
	Considered doubtful deposits		2,441	2,441
	Loss allowance against deposits considered doubtful		(2,441)	(2,441)
			-	-
			114,910	105,064
	Prepayments			
	Rent		1,835	1,835
	Subscription		-	507
	Others		473	103
			2,308	2,445
			789,155	270,821
14.	**OTHER RECEIVABLES**			
	Considered good			
	Current accounts with related parties	14.1	216,508	183,619
	Insurance claim		5,280	4,756
	Advance income tax	14.2	2,991	2,991
	Accrued mark-up from related parties		2,216	2,216
	Others		10,319	8,038
			237,314	201,620
14.1	**Current accounts with related parties**			
	Telecard Limited - Holding Company		214,949	162,284
	Supernet E-Solutions (Private) Limited		1,559	2,472
	Supernet Infrastructure Solutions (Private) Limited		-	18,863
		14.1.1	216,508	183,619

14.1.1 The above amounts due from related parties represent current account balances which are recoverable on demand and are non-interest bearing.

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

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') -----	
Telecard Limited - Holding Company	214,949	162,284
Supernet E-Solutions (Private) Limited	1,559	2,472
Supernet Secure Solutions (Private) Limited	-	11,541
Supernet Infrastructure Solutions (Private) Limited	18,863	31,863

14.2 This represents payment made in response to tax demand raised during the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Company as assessed in default for non-deduction of withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) which was rejected. The Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. The ATIR after hearing remanded back the case to CIRA for careful consideration. The management in consultation with its tax advisor is confident of a favorable out come in respect of the above matter and believes that upon the conclusion of pending proceedings, the tax paid by the Company would become refundable.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
15.	**CASH AND BANK BALANCES**			
	Cash in hand		101	220
	Local currency			
	Current account		5,218	7,740
	Saving account	15.1	12,799	22,893
			18,017	30,633
			18,118	30,853

15.1 This carries mark-up at the rate, ranging between 5.63% to 11.64% (2022: 3.60% to 6.56%) per annum.

		June 30, 2023	June 30, 2022
		------ (Rupees in '000') -----	
16.	**SHARE CAPITAL AND RESERVES**		
16.1	**Authorized share capital**		
	150,000,000 ordinary shares of Rs.10/- each	1,500,000	1,500,000
16.2	**Issued, subscribed and paid-up capital**		
	123,444,420 (2022: 112,222,200 of Rs. 10/- each) ordinary shares of Rs.10/- each issued as follows;		
	45,772,610 (2022: 45,772,610) allotted as fully paid in cash	457,726	457,726
	66,449,590 (2022: 66,449,590) allotted as bonus shares	664,496	664,496
	11,222,220 allotted as bonus shares during the year	112,222	-
		1,234,444	1,122,222

16.2.1 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. As at reporting date, 81.185% shares of the Company are held by the Holding Company.

16.2.2 The Shareholders of the Company, in the annual general meeting held on October 27, 2022 approved issuance of 10% (ten percent) bonus shares, increasing Company's total paid up capital from Rs. 1,122.222 million to Rs. 1,234.444 million divided into ordinary shares of Rs. 10/- each.

16.2.3 As at reporting date, chief executive officer, directors and their spouses held 0.004% (2022: 0.004%), associated undertaking held 81.18% (2022: 81.18%) and the balance of 18.81% (2022: 18.81%) are held by individual and others.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
16.3	**Share premium**			
	Opening balance		145,658	-
	Shares issued through book building		-	152,778
			145,658	152,778
	Less: Costs incurred on book building		-	(7,120)
	Bonus shares issued during the period		(112,222)	
			33,436	145,658
17.	**LEASE LIABILITIES**			
	Lease liabilities		12,411	3,145
	Current portion of lease liabilities	17.1	(4,330)	(2,529)
			8,081	616
17.1	**Reconciliation of the carrying amount is as follows:**			
	As at July 01		3,145	5,313
	Increase in lease liability on modification of lease term		11,795	-
	Accretion of interest		2,446	654
	Lease rental payments made during the year		(4,975)	(2,822)
	Lease liability as at June 30,		12,411	3,145
	Current portion of lease liabilities		(4,330)	(2,529)
	Long-term lease liabilities as at June 30		8,081	616
17.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		4,330	2,067
	Later than one year but not later than five years		12,197	1,484
			16,527	3,551
	Future finance charge		(4,116)	(406)
	Present value of finance lease liabilities		12,411	3,145
18.	**DEFERRED LIABILITY**			
	Staff gratuity		2,173	2,419

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
19.	**TRADE AND OTHER PAYABLES**			
	Unsecured			
	Creditors		1,411,741	1,006,538
	Supernet Secure Solutions (Private) Limited		14,539	11,000
	Supernet E-Solutions (Private) Limited		-	4,153
			1,426,280	1,021,691
	Other payables			
	Contractual liability to franchisee		200	200
	Accrued liabilities		37,477	75,269
	Provision against compensated absences		2,056	3,577
	CVAS License fee to Pakistan Telecommunication Authority		10,011	5,737
	Payable to employees' provident fund		127	32,190
	Workers' welfare fund payable		2,782	2,782
	Others		850	538
			53,503	120,293
			1,479,783	1,141,984
20.	**DUE TO RELATED PARTIES**			
	Supernet Secure Solutions (Private) Limited		2,072	-
	Supernet Infrastructure Solutions (Private) Limited		4,194	-
		20.1	6,266	-

20.1 The above amounts due to related parties represent current account balances which are payable on demand and are non-interest bearing.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
21.	**ACCRUED MARK-UP**			
	Secured			
	On long-term financing		-	713
	On short-term financing		5,753	6,387
	Employees' provident fund		215	215
			5,968	7,315
22.	**CONTRACTUAL LIABILITY TO CUSTOMER**			
	Pakistan Mobile Communication Limited		8,872	8,872
23.	**CURRENT PORTION OF LEASE LIABILITES AND SHORT TERM FINANCING**			
	Running finance from bank – secured	23.1	134,284	138,548
	Current maturity of long-term financing:			
	Term-finance - current maturity		-	23,438
	Current portion of lease liabilities		4,330	2,529
			138,614	164,515

23.1 This represents finance facility of Rs. 200 million (2022: 200 million) obtained by the Company for working capital purpose. This carries mark-up at the rate of 3 months KIBOR plus 2.4% (June 30, 2022: 3-months KIBOR plus 2.4%) p.a., 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 unutilized facility amounts to Rs. 65.72 million (2022: Rs 61.45 million).

24. CONTINGENCIES & COMMITMENTS

24.1 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Limited, Thailand, in the High Court of Sindh against the Company 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 (2022: Rs. 66.548 million). Out of this amount, a sum of Rs. 24.648 million (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 (2022: Rs. 41.900 million) has not been provided for in these unconsolidated financial statements as the Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Company's favor and hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in the Company's unconsolidated financial statements.

24.2 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 Company for the return of certain equipment or payment of US$300,000 equivalent to Rs. 86.700 million (2022: Rs. 61.500 million) and a compensation of US$270,000 [approximately Rs. 78.030 million (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 Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Company's favor, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in the Company's unconsolidated financial

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

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

Considering this, the 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 Company. The management of the 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 unconsolidated financial statements.

The 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.

24.4 While finalizing the 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 Company, aggregating Rs. 17.078 million, on account of non-verifiability of payment challans. The 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 Company. Accordingly, no adjustment has been made to the above, shown under advance income tax in relevant note, pending a final decision in this matter.

24.5 During the year ended June 30, 2013, the 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 was raised. The Company through its tax consultant is pursuing the matter. So far, no adverse action has been taken against the Company by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favor of the Company. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

24.6 The Company was issued a show cause notice by Pakistan Telecommunication Authority (PTA) in 2015 alleging, amongst other things, that the 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 Company before the High Court through an Appeal, which was disposed off by the High Court in March 2020 requiring the Company to comply with the PTA requirements. The 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 Company has filed an appeal in the Supreme Court to contest the decision of the High Court. No assessment of any financial liability that may arise can be made at this stage arising out of the above matter, hence no provision has been made in these unconsolidated financial statements that may arise as an outcome of this matter.

24.7 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 unconsolidated financial statements.

24.8 The Company has received a demand of Rs 12.6 million from the Chief Inspector of Stamps, Board of Revenue in year 2022 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 lawyer's opinion no provision has been made in these unconsolidated financial statements.

24.9 The Company has committed to deposit an amount of Rs. 37.876 million (2022: 22.307 million) in terms of security deposit to its satellite bandwidth vendor.

24.10 Letters of guarantee, amounting to Rs. 116.073 million (2022: Rs. 107.551 million), have been issued by commercial banks on behalf of the Company.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
25.	**REVENUE - NET**			
	Data networking		2,310,239	1,925,548
	Sale of equipment and licenses		1,063,765	649,095
	Revenue from turnkey projects		53,919	262,385
			3,427,923	2,837,028
26.	**COST OF SERVICES**			
	Salaries and other benefits	26.1	199,439	172,619
	Interoperator services cost	26.2	1,109,393	848,945
	Cost of turnkey projects		39,689	188,221
	Communication stores consumed	26.3	871,940	448,673
	Consultancy charges		7,819	9,185
	Support services		52,079	75,015
	Depreciation	4.3	131,894	134,777
	Insurance		9,003	2,688
	Installation and maintenance		38,259	29,456
	CVAS license fee	26.4	9,657	5,524
	Conveyance and travelling		52,327	44,791
	Rent and utilities		3,375	2,809
	Communication		3,976	2,583
	Repairs and maintenance		1,948	962
	Office supplies		1,436	1,261
	Others		47,975	30,848
			2,580,209	1,998,357

26.1 This includes a sum of Rs. 4.428 million (2022: Rs. 6.030 million) in respect of Company's contribution towards provident fund.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
26.2	**Interoperator services cost**			
	Other than satellite bandwidth charges		167,304	157,959
	Satellite bandwidth charges		942,089	690,986
			1,109,393	848,945
26.3	**Communication stores consumed**			
	Opening balance		162,603	121,952
	Purchases		909,987	489,324
	Closing balance	10	(200,650)	(162,603)
	Communication stores consumed		871,940	448,673

26.4 This represents Licensce 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.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
27.	**ADMINISTRATIVE & OTHER EXPENSES**			
	Salaries and other benefits	27.1	157,017	134,585
	Rent and utilities		61,841	51,456
	Insurance		5,003	1,494
	Depreciation	4.3	7,530	7,712
	Depreciation on asset under IFRS - 16		4,626	2,006
	Amortisation	5.1	290	290
	Legal and professional charges		5,786	9,872
	Repairs and maintenance		17,612	8,695
	Conveyance and travelling		12,447	7,586
	Office supplies		1,436	1,261
	Subscription		1,844	6,600
	Auditors' remuneration	27.2	2,286	1,416
	Communication		4,344	2,822
	Loss allowance for ECLs		73,824	43,174
	Provision against slow moving stores		2,501	-
	Entertainment		1,793	1,253
	Others		12,685	8,074
			372,865	288,296

27.1 This includes a sum of Rs. 3.927 million (2022: Rs. 2.109 million) in respect of Company's contribution towards provident fund.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') -----	
27.2	**Auditors' remuneration**			
	Audit fee for unconsolidated financial statements		1,100	800
	Audit fee for consolidated financial statements		350	200
	Review of Code of Corporate Governance		100	100
	Review of half yearly financials		400	-
	Other services and certifications		121	143
	Out of pocket expenses		215	173
			2,286	1,416
28.	**DISTRIBUTION COSTS**			
	Salaries and other benefits	28.1	180,539	153,088
	Conveyance and travelling		15,536	9,469
	Office supplies		1,436	1,261
	Repairs and maintenance		46	23
	Advertisement and promotion		4,911	2,511
	Communication		253	164
	Entertainment		298	208
	Utilities		425	354
	Others		219	141
			203,663	167,219

28.1 This includes a sum of Rs. 3.452 million (2022: Rs. 1.916 million) in respect of Company's contribution towards provident fund.

		June 30, 2023	June 30, 2022
		------ (Rupees in '000') -----	
29.	**OTHER INCOME**		
	Income from financial assets		
	Income on saving accounts	4,380	3,674
	Others		
	Scrap sales	-	2,353
	Term deposit	2,643	2,853
	Reversal of provisions against staff incentives	-	7,675
	Rental income	1,800	-
		8,823	16,555
30.	**FINANCE COSTS**		
	Mark-up on:		
	Long-term financing	1,420	4,250
	Short-term financing	27,587	17,929
	Bank charges and commission	3,322	3,563
	Finance cost on lease liability against ROU assets	2,446	654
		34,775	26,396
31.	**TAXATION**		
	Current year tax expense	109,473	113,346
	Prior year reversal	(28,084)	3,064
	Deferred tax expense / (income)	898	(21,696)
		82,287	94,714
31.1	**Relationship between accounting profit and income tax expense**		
	Profit before taxation	133,090	282,811
	Tax @ 29%	38,596	82,015
	Effect of prior period tax	(28,084)	3,064
	Others	(71,775)	9,635
		82,287	94,714

31.2 The income tax assessments of the Company have been finalized up to and including the tax year 2022, except for tax years in respect of which, appeals are currently in progress at different forums (note 24.4 & 24.5).

32. EARNING PER SHARE - BASIC AND DILUTED

Earning per share has been computed by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	June 30, 2023	June 30, 2022
Profit for the year (Rupees in "000")	50,803	188,097
		Restated
Weighted average number of shares (In thousands)	123,444	123,444
Earnings per share - (Rupees)	0.41	1.52

32.1 There is no dilutive effect on the basic earnings per share as the Company has no potential convertible ordinary shares in issue as at the end of the reporting period.

32.2 During the year, the Company has issued bonus shares. In accordance with 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, earning per share has been restated accordingly.

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') ------	
33.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		133,090	282,811
	Adjustments for non - cash charges and other items			
	Depreciation		139,424	142,489
	Depreciation on ROU assets		4,626	2,006
	Amortisation		290	290
	Finance cost		31,453	22,833
	Staff gratuity		503	73
	Provision for ECL against trade debts		73,824	43,174
	Provision for slow moving stores		2,501	-
	Unrealised exchange (gain) / loss		(6,537)	5,000
	Reversal of provisions		-	(7,675)
	Profit from saving account		(4,380)	(3,674)
	Increase in cost & lease liabilities on reassesment		969	-
	Working capital changes	33.1	(163,068)	(393,698)
			212,695	93,629
33.1	**Working capital changes**			
	(Increase) / decrease in current assets			
	Communication stores		(40,548)	(40,651)
	Trade debts		80,906	(492,069)
	Advances, deposits and prepayments		(518,334)	(172,513)
	Other receivables		(35,694)	(46,375)
			(513,670)	(751,608)
	Increase / (decrease) in current liabilities			
	Trade and other payables		344,336	357,910
	Due to related party		6,266	-
			(163,068)	(393,698)
34.	**FINANCIAL INSTRUMENTS BY CATEGORY**			
34.1	**Financial assets measured at amortised cost**			
	Long-term investments	7	59,709	19,709
	Long-term deposits	8	95	95
	Short term investment	11	-	125,000
	Trade debts	12	1,408,959	1,563,689
	Advances, deposits and prepayments *	13	114,910	105,064
	Other receivable **	14	234,323	198,629
	Bank balances	15	18,017	30,633
			1,836,013	2,042,819

		Note	June 30, 2023	June 30, 2022
			------ (Rupees in '000') ------	
34.2	**Financial liabilities measured at amortised cost**			
	- Lease liabilities	17	8,081	616
	- Trade and other payables ***	19	1,474,618	1,103,235
	- Accrued mark-up	21	5,968	7,315
	- Current portion of lease liabilities and short term financing	23	138,614	164,515
			1,627,281	1,275,681

*Advances amounting to Rs.672 million (2022: Rs 163.312 million) and prepayments amounting to Rs. 2.31 million (2022: Rs 2.445 million) are not financial assets and are not included.

**Income tax refundable amounting to Rs. 2.991 million (2022: Rs. 2.991 million) is not a financial asset and is not included.

***Contractual liability to franchisees, Workers welfare fund, provision for employees' compensated absences and payable to employees' provident fund amounting in aggregated to Rs. 31.09 million (2022: 35.172 million) are not financial liabilities and are not included.

35. 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.

35.1 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. The Company is only exposed to foreign currency and interest rates risk as at reporting date.

35.1.1 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 Company is exposed to such risk mainly in respect of return on saving accounts, long-term and short-term financing as these are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') -----	
Variable rate instruments:		
Financial asset		
Saving accounts	12,799	22,893
Short-term investments	-	125,000
Financial liabilities		
Short-term financing	(134,284)	(161,986)
Net financial liabilities at variable interest rates	(121,485)	(14,093)

Cash flow sensitivity analysis for variable rate instruments:

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. 1.21 million (June 30, 2022: Rs. 1.142 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 sensitive analysis.

35.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates. The Company in this respect is exposed to creditors on account of foreign satellite bandwidth providers as at reporting date. These creditors are dominated in US Dollars (US$). As at reporting date, the total exposure against foreign creditors amounts to US$ 2.248 million (2022: US$ 3.073 million). Spot rate as at June 30, 2023 is Rs. 285.99 to US$ (2022: 204.85 to US$).

The management of the Company closely monitors the currency markets. Management of the Company estimates that if Pakistani rupee had weakened / strengthened against the USD by 1% with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 6.429 million (2022: 6.303 million). However, in practice, the actual results may differ from the sensitively analysis.

35.1.3 Equity risk

Equity 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.

35.2 Credit risk

Credit risk is the risk that counter party will cause a financial loss to the Company by failing to discharge its obligations. Concentration of credit risk exists when changes in economic or industry factors affect the Company of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company 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.

	Note	June 30, 2023	June 30, 2022
		------ (Rupees in '000') ------	
Long-term deposits	8	95	95
Short term investment	11	-	125,000
Trade debts	12	1,408,959	1,563,689
Deposits	13	114,910	105,064
Other receivables		234,323	198,629
Bank balances	15	18,017	30,633
		1,776,304	2,023,110

35.2.1 Short-term deposits and other receivables

The Company carries short-term deposits and other receivables amounting to Rs 349.233 million (2022: Rs 303.693 million) .This includes receivable from related party, short-term deposits and others.

To reflect short-term maturities of the above balances, the Company has measured impairment on a 12 months expected credit loss basis. The management believes that these have low credit risk based on the facts that majority of outstanding balance is receivable from related party and other credit worthy counter parties.

35.2.2 Trade debts

The Company's exposure to credit risk is mainly influenced by individual characteristics of each customer. The management of the Company has established a credit policy whereby individual customers are assessed for credit worthiness by reviewing relevant internal and external available information. The Company limits its exposure to credit risk from trade debts by establishing a maximum payment period ranging between one to three months for corporate customers. The Company has been transacting with telecommunication companies and defense and government institutions for many years and none of these entities balances have been written-off or credit impaired as at reporting date.

Corporate customers consists of legal entities only and the Company does not deals with individual customers. Most of the corporate customers have been transacting with the Company for many years and are not credit impaired as at reporting date. Ageing analysis of trade debts is disclosed in note 12.3 to these unconsolidated financial statements.

Expected credit losses

The Company uses allowance matrix for measurement of expected credit losses on trade debts. Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the management's view of economic conditions over the expected lives of the trade debts. The Company carries the following balance on account of expected credit losses as at reporting date:

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') ------	
Expected credit losses on trade debts arising from contracts with customers	72,034	68,237

For movement in expected credit losses during the year, refer note 12.2.

35.2.3 Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') ------	
Rating (long term)		
AAA	6,105	7,632
AA+	11,602	22,691
A+	310	310
	18,017	30,633

35.3 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 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. 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.

	Contractual cash flows				
	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	Rs. in '000'				
Financial liabilities					
Short-term financing	134,284	1,083	3,247	-	138,614
Trade and other payable	-	48,465	1,426,280	-	1,474,745
Due to related parties	6,266	-	-	-	6,266
Accrued mark-up	-	5,968	-	-	5,968
June 30, 2023	140,550	55,516	1,429,527	-	1,625,593

	Contractual cash flows				
	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	Rs. in '000'				
Financial liabilities					
Long-term financing	-	-	-	-	-
Short-term financing	138,548	7,812	15,626	-	161,986
Trade and other payable	-	81,449	1,051,722	-	1,133,171
Accrued mark-up	-	7,315	-	-	7,315
June 30, 2022	138,548	96,576	1,067,348	-	1,302,472

35.4 Fair value of financial instruments

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

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

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:

i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

ii) 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

iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

35.5 Capital risk management

The Company's objective when managing capital is 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures which commensurate to the circumstances. The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	June 30, 2023	June 30, 2022
	------ (Rupees in '000') ------	
Total debt	146,695	165,131
Cash & cash equivalent	(18,118)	(155,853)
Net debt	128,577	9,278
Total equity	1,612,668	1,561,865
Total debt and equity	1,741,245	1,571,143
Gearing ratio	7.38%	0.59%

36. OPERATING SEGMENTS

The financial statements are prepared on the basis of single reporting segment consistent with the information reviewed by the chief operating decision maker.

The Company is domiciled in Pakistan. All of the Company's assets are located in Pakistan as at the reporting date.

37. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts incurred during the reporting years for remuneration, including all benefits to the executives of the Company are as follows:

	For the year ended			
	Chief executive officer		Executives	
	2023	2022	2023	2022
	(Rupees in '000')			
Managerial remuneration	5,000	10,648	108,136	103,638
Medical	35	195	623	675
Perquisites and benefits	4,552	6,835	102,380	87,016
Others	416	990	31,295	12,193
	10,003	18,668	242,434	203,522
Number of person	1	1	42	38

37.1 No remuneration has been paid to any of the directors during the reporting period (2022: nil).

38. TRANSACTIONS WITH RELATED PARTIES

The related parties include a Holding Company, subsidiary companies, entities having directors in common with the Company, directors and other key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment which are reflected in note 37 to these unconsolidated financial statements are as follows in the next page:

Name	Nature of transactions	June 30, 2023	June 30, 2022
		------ (Rupees in '000') -----	
Relationship: Holding Company			
Telecard Limited	Services rendered	-	220,000
	Advance repaid by the Holding Company	-	424,800
	Advance given to the Holding Company	-	474,119
Relationship: Entities having directors in common with the Company			
Supernet E-Solutions (Private) Limited	Services received	-	3,179
	Services rendered	-	1,077
	Advance given	913	6,500
	Advance received	-	9,180
Phoenix Global FZE	Services rendered	68,684	47,679
	Sale of equipment	729	143
	Purchase of equipment	350,291	-
Supernet Infrastructure Solutions (Private) Ltd.	Advances granted	-	28,298
	Advances received	578,665	30,094
	Services received	-	13,000
	Services rendered	10,231	-
	Sale of equipment	564,240	-
Supernet Secure Solutions (Private) Ltd.	Services received	-	11,000
Provident Fund	Contribution during the year	11,809	10,055

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

39. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2023 (Un-audited)	June 30, 2022 (Audited)
		------ (Rupees in '000') -----	
Size of the fund - Total assets	39.1	145,440	131,140
Cost of the investment made		107,113	67,316
Fair value of investments		113,122	73,326
Percentage of investments made		77.78%	55.91%

39.1 The share of employees of the Company is 51.07% (2022: 53%) in the total assets of the fund.

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

		June 30, 2023 (Un-audited)		June 30, 2022 (Audited)
		---------- (Rupees in '000')		----------
Bank balances / deposits	93%	104,674	91%	66,704
Mutual funds	7%	8,448	9%	6,622
		113,122		73,326

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

40. NUMBER OF EMPLOYEES

	June 30, 2023	June 30, 2022
	------ (Rupees in '000')	-----
Total employees of the Company at the year end	364	396
Average employees of the Company during the year	389	396

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

The Board of Directors in its meeting held on October 5, 2023 has proposed a bonus shares of 10% (2022: bonus shares 10%) in respect of the year ended June 30, 2023. The consolidated financial statements for the year ended June 30, 2023 do not include the effect of these appropriations which will be accounted for in the year ending June 30, 2024.

42. GENERAL

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

42.2 Corresponding figures and balances have been rearranged and / or reclassified, where considered necessary for the purpose of better comparison and presentation, the effects of which are not material.

43. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 0 5 OCT 2023 by the board of directors of the Company.

Chief Executive Officer

Chief Financial Officer

Director

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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

Independent Auditor's Report to the Members of Supernet Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Supernet 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.

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Revenue recognition	
The Group has reported revenue amounting to Rs. 3,919.991 million during the year ended June 30, 2023. The Group provides data networking and support services, sale of equipment's and licenses and carrying turnkey projects. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject misstatement to meet expectations or targets. In addition, revenue is also considered as an area of significant risk as part of the audit process.	Our key audit procedures in this area amongst others included the following: • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and receipts;

Key audit matters	How the matter was addressed in our audit
	• 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; • reviewed and assess the appropriateness of revenue recognition process on the subsidiary companies to ensure compliance with the requirements of applicable framework; and • assessed the adequacy of disclosures made in the consolidated financial statements related to revenue.
2. Contingencies Contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgements and estimate in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons, we have considered contingencies and provision as a key audit matter.	Our key audit procedures in this area amongst others included the following: • assessed management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee; • reviewed the relevant information including case proceedings, legal opinions related industry information and correspondences in respect of the ongoing litigations; • obtained confirmation from the legal counsel of the Holding Company to evaluate the status of the pending litigations;" • examined legal and professional expenses to confirm that all pending legal matters are identified and disclosed; and

Key audit matters	How the matter was addressed in our audit
	• 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 auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Parker Russell AJS

(Chartered Accountants)
Date: October 05, 2023
Karachi.

UDIN: AR202310192ICj8Gv972

Supernet 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	4	363,097	373,343
Intangible assets	5	2,465	2,755
Right of use asset	6	8,267	2,067
Long-term deposits		95	95
Deferred taxation	7	68,108	63,616
		442,032	441,876
Current assets			
Communication stores	8	496,357	170,160
Short term investment		-	125,000
Trade debts	9	1,778,654	1,700,642
Advances, deposits and prepayments	10	1,032,609	306,617
Other receivables	11	242,700	207,207
Taxation - net		111,997	82,485
Cash and bank balances	12	185,041	100,892
		3,847,358	2,693,003
Total assets		4,289,390	3,134,879

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Supernet 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			
Authorized share capital 150,000,000 (2022: 150,000,000) ordinary shares of Rs.10/- each	13.1	1,500,000	1,500,000
Issued, subscribed and paid-up share capital	13.2	1,234,444	1,122,222
Foreign currency translation reserve		104,314	26,129
Unappropriated profit		626,028	440,514
Share premium		33,436	145,658
Capital and reserves attributable to the owners of the Holding Company		1,998,222	1,734,523
Non-controlling interest		5,519	2,711
Total shareholders equity		2,003,741	1,737,234
Non-current liabilities			
Lease liabilities	14	8,081	616
Deferred liability	15	2,173	2,436
		10,254	3,052
Current liabilities			
Trade and other payables	16	2,121,941	1,213,891
Accrued mark-up	17	5,968	7,315
Contractual liability to customer		8,872	8,872
Current portion of lease liabilities and short-term financing	18	138,614	164,515
		2,275,395	1,394,593
Contingencies & commitments	19		
Total equities and liabilities		4,289,390	3,134,879

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

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

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000') ----	
Revenue - net	20	3,919,991	3,156,413
Cost of services	21	(2,791,861)	(2,103,585)
Gross profit		1,128,130	1,052,828
Administrative & other expenses	22	(513,144)	(395,919)
Distribution costs	23	(203,663)	(167,654)
Exchange loss		(111,044)	(91,119)
Other income	24	24,680	17,102
		(803,171)	(637,590)
Operating profit		324,959	415,238
Finance costs	25	(43,573)	(27,206)
Profit before taxation		281,386	388,032
Taxation	26	(93,064)	(100,228)
Profit after taxation		188,322	287,804
Profit attributable to:			
Owners of the Parent Company		185,514	287,629
Non-controlling interests		2,808	175
		188,322	287,804
		-------Amount in Rupees-----	
			Restated
Earnings per share			
Basic and diluted		1.50	2.33

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

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

	June 30, 2023	June 30, 2022
	--- (Rupees in '000') ---	
Profit after taxation	188,322	287,804
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign subsidiary	78,185	27,113
Total comprehensive income for the year	266,507	314,917
Total comprehensive income attributable to:		
Owners of the Parent Company	263,699	314,742
Non-controlling interests	2,808	175
	266,507	314,917

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

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

	Attributable to the owner of the Holding Company					
	Issued, subscribed and paid-up capital	**Share premium**	**Un appropriated profit**	**Foreign currency translation reserve**	**Non - controlling interest**	**Total**
	(Rupees in '000')					
Balance as at July 01, 2021	1,000,000	-	152,885	(984)	(1,764)	1,150,137
Profit for the year	-	-	287,629	-	175	287,804
Other comprehensive income	-	-	-	27,113	-	27,113
Total comprehensive income for the year	-	-	287,629	27,113	175	314,917
Shares issued	122,222	152,778	-	-	-	275,000
Cost of issuance of shares	-	(7,120)	-	-	-	(7,120)
Transactions with owners in the capacity as owners						
Issuance of shares	-	-	-	-	4,300	4,300
Balance as at June 30, 2022	1,122,222	145,658	440,514	26,129	2,711	1,737,234
Issuance of bonus shares	112,222	(112,222)	-	-	-	-
Profit for the year	-	-	185,514	-	2,808	188,322
Other comprehensive income	-	-	-	78,185	-	78,185
	-	-	185,514	78,185	2,808	266,507
Balance as at June 30, 2023	1,234,444	33,436	626,028	104,314	5,519	2,003,741

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Supernet Limited
Consolidated Statement of Cashflows
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 operations	28	180,613	25,020
Income tax paid		(127,068)	(41,184)
Finance cost paid		(29,402)	(20,747)
Gratuity paid		(749)	(318)
Net cash generated / (used in) from operating activities		23,394	(37,229)
Cash flows from investing activities			
Purchase of property and equipment		(130,483)	(159,816)
Short term investment made		-	(125,000)
Proceeds from maturity of short term investments		125,000	-
Income received on saving account		20,730	4,221
Net cash generated / (used in) from investing activities		15,247	(280,595)
Cash flows from financing activities			
Proceeds from issuance of shares		-	275,000
Long term financing		-	(23,438)
Short-term running finance		(27,702)	(16,327)
Lease rentals paid		(4,975)	(2,822)
Effect of translation of investment in foreign subsidiary		78,185	27,113
Net cash (used in) / generated from financial activities		45,508	259,526
Net increase / (decrease) in cash and cash equivalents		84,149	(58,298)
Cash and cash equivalents at the beginning of the year		100,892	159,190
Cash and cash equivalents at the end of the year	12	185,041	100,892

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Supernet Limited
Notes to the Consolidated Financial Statements
For The Year Ended June 30, 2023

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

* Supernet Limited - Parent Company
* Supernet E-Solution (Pvt) Limited - Subsidiary
* Supernet Secure Solution (Private) Limited - Subsidiary
* Phoenix Global ZSE - Subsidiary
* Supernet Infrastructure Solutions (Private) Limited - Subsidiary

Supernet Limited (the Company) was incorporated in Pakistan on March 14, 1995 as an unquoted public company under the Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017). The Company became listed on Pakistan Stock Exchange on GEM Board on May 10, 2022. The group is majority owned by Telecard Limited (Holding Company).

The Company 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.

The principal place of business of the Company is located at World Trade Centre, 10, Khayaban-e-Roomi, Clifton, Karachi while its regional office is located at 2nd Floor, Block 2, Awami complex, New Garden town, Lahore.

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)

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

Phoenix Global FZE, a subsidiary 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.

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.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 Accounting convention

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

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to approved accounting standards

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

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.

	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

2.4.2 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.

	Period beginning on or after
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

	Period beginning on or after
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

2.5 Significant accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments 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 recognized 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 fixed and intangible assets	3.1, 3.2 ,4 & 5
Impairment of fixed assets & intangible assets	3.1, 3.2 ,4 & 5
Provisions for doubtful debts and other receivables	3.12.7, 9 & 11
Recognition of tax and deferred tax	3.15, 7 & 26
Other provisions and contingent liabilities	3.11 & 19
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14 & 14
Determining the useful lives and carrying value of ROU assets	3.3 & 6

3. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

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

3.1 Fixed assets

3.1.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized 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 the profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 4 to these consolidated financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment loss, if any, or its reversal, is also charged to the statement of profit or loss for the period. 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 upto 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 the statement of profit or loss for the period.

Capital work-in-progress

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

3.2 Intangible assets and amortisation

These are carried at cost less accumulated amortisation, and accumulated impairment losses, if any. Amortisation is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives at the rates specified in note 5 to these consolidated financial statements, and is charged to the statements of profit or loss. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

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

3.3 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

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

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

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

3.4 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".

3.5 Communication stores

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

Net realisable value signifies the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The Group reviews the carrying amounts of communication stores on an on going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

3.6 Trade debts and other receivables

These are recognised and carried at original invoice amount less an 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.

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the group will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the profit or loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss account.

3.7 Loans and advances

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

3.8 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, cash in hand and short-term running finance.

3.9 Trade and other payables

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

3.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

3.11 Provisions

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

3.12 Financial instruments

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

3.12.1 Initial measurement of financial assets

The group classified its financial assets into the following categories:

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

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 in accordance with 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 (Business Model test) and;

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

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

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

3.12.3 Derecognition of financial assets

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

3.12.4 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 statement of profit or loss. Financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are subsequently measured at amortised cost using the EIR method.

3.12.5 Derecognition of financial liabilities

Derecognition of financial liabilities occurs from the 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 statement of profit or loss as other income or finance costs.

3.12.6 Off-setting of financial assets and financial liabilities

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

3.12.7 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 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 statement of profit or loss.

3.13 Employees' benefits

Gratuity fund

The Group operated an unfunded gratuity scheme for limited number of employees who are eligible under old scheme. The scheme was replaced by recognised provident fund scheme effective from April 01, 2008.

Provident fund

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

3.14 Lease liability against ROU assets

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

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

3.15 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the date of the statement of financial position. 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.

Provision for taxation is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available, if any, in accordance with the Income Tax Ordinance, 2001.

The group falls under the final tax regime under Sections 148 and 169 of the Income Tax Ordinance, 2001, to the extent of sales of imported finished goods. Provision for tax on revenue from locally purchased equipment, data networking services and on other income is based on taxable income at current rates, after considering the rebates and tax credits available, if any. The tax charge as calculated above is compared with turnover tax under section 113 of the Income Tax Ordinance, 2001 and alternate corporate tax under section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided in the consolidated financial statements.

Deferred

Deferred income tax is recognised, using the balance sheet liability method, on all temporary differences arising at the date of statement of financial position between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences 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 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 at the date of statement of financial position.

3.16 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 in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date of statement of financial position. 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 statement of profit or loss.

3.17 Revenue recognition

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.

- Revenue from data networking services is recognised upon the rendering of such services.
- Revenue from turnkey projects is recognised as and when the projects are completed.
- Revenue from sales of equipment is recognised when equipment is dispatched to customers.
- Revenue from sales of third party software is recognised when the 'right to use' is granted to the customers.
- Return on bank balances is accrued using an effective interest method.

3.18 Dividend and other appropriation of reserves

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

3.19 Earnings per share

The group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share 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

3.20 Related party transactions

Related parties comprise of Holding Company, 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 share holding
Telecard Limited	Holding Company	81.185%
Supernet E-Solutions (Private) Limited	Wholly owned subsidiary	100%
Supernet Secure Solutions (Private) Limited	Subsidiary	80%
Phoenix Global FZE	Wholly owned subsidiary	100%
Supernet Infrastructure Solutions (Private) Limited	Wholly owned subsidiary	100%
Telegateway Limited	Wholly owned subsidiary of Holding Company	-
Nexus Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-
Glitz Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-
Globetech Communication (Private) Limited	Wholly owned subsidiary of Holding Company	-
Mr. Shams ul Arfeen	Key management personnel	-
Mr. Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Ms. Naueen Ahmed	Key management personnel	-
Mr. Jamal Nasir Khan	Key management personnel	-
Syed Imran Hyder Jafri	Key management personnel	-

	Note	June 30, 2023	June 30, 2022
		(Rupees in '000')	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	363,097	373,343

4.1 Operating fixed assets

	Note	Cost			Accumulated depreciation				
		As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023	WDV as at June 30, 2023	Depreciation rate per annum %
		(Rupees in '000')							
Owned assets									
Leasehold improvements		36,180	-	36,180	34,964	1,127	36,091	89	20
Communication equipments	4.2	2,053,876	124,823	2,178,699	1,702,574	132,034	1,834,608	344,091	20
Furniture, fixtures and office equipments		57,745	150	57,895	46,720	2,792	49,512	8,383	10
Computers and accessories		74,166	5,510	79,676	65,683	4,223	69,906	9,770	33
Motor vehicles		14,604	-	14,604	13,287	553	13,840	764	20
		2,236,571	130,483	2,367,054	1,863,228	140,729	2,003,957	363,097	

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

	Cost			Accumulated depreciation				
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	WDV as at June 30, 2022	Depreciation rate per annum %
	(Rupees in '000')							
Owned assets								
Leasehold improvements	36,180	-	36,180	32,440	2,524	34,964	1,216	20
Communication equipments	1,902,733	151,143	2,053,876	1,567,797	134,777	1,702,574	351,302	20
Furniture, fixtures and office equipments	57,492	253	57,745	43,557	3,163	46,720	11,025	10
Computers and accessories	65,746	8,420	74,166	61,520	4,163	65,683	8,483	33
Motor vehicles	14,604	-	14,604	12,735	552	13,287	1,317	20
	2,076,755	159,816	2,236,571	1,718,049	145,179	1,863,228	373,343	

4.2 Equipment, costing Rs. 1,362.14 million (June 30, 2022: Rs. 1,278.70 million), having a net book value of Rs. 272.710 million (June 30, 2022: Rs. 454.302 million) are in the possession of the customers of the Company in the ordinary course of business.

	Note	June 30, 2023	June 30, 2022
		(Rupees in '000')	
4.3 Depreciation for the period has been allocated as follows:			
Cost of services	21	131,894	134,777
Administrative expenses	22	8,835	10,402
		140,729	145,179

4.4 The cost of fully depreciated assets as at June 30, 2023 is 1,698.60 million (June 30, 2022: 1,469.98 million).

4.5 Lease hold improvements have been made on flat A & B situated on 2nd and 3rd floor, Block No. 2, Awami complex, 1-4, Usman Block, New Garden Town, Lahore having an area of 2,424 and 1,600 square feet on each floor respectively and on the 9th floor of the tower-B, 10 Khayaban-e-Roomi having an area of 5,115 square feet, Block-5, KDA Scheme No. 5, Clifton, Karachi.

5. INTANGIBLE ASSETS

	Note	June 30, 2023	June 30, 2022
		(Rupees in '000')	
Computer software		578	868
Goodwill		1,887	1,887
	5.1	2,465	2,755

5.1 Computer software

	Cost			Accumulated amortisation				
	As at July 01, 2022	Additions	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023	WDV as at June 30, 2023	Amortisation rate per annum %
	(Rupees in '000')							
Computer software	41,224	-	41,224	40,356	290	40,646	578	20
Goodwill	1,887	-	1,887	-	-	-	1,887	
	43,111	-	43,111	40,356	290	40,646	2,465	

	Cost			Accumulated amortisation				
	As at July 01, 2021	Additions	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	WDV as at June 30, 2022	Amortisation rate per annum %
	(Rupees in '000')							
Computer software	41,224	-	41,224	40,066	290	40,356	868	20
Goodwill	1,887	-	1,887	-	-	-	1,887	
	43,111	-	43,111	40,066	290	40,356	2,755	

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

6. RIGHT-OF-USE ASSETS

	Note	June 30, 2023	June 30, 2022
Opening Cost		8,823	8,823
Increase in cost on modification of lease term		10,826	-
		19,649	8,823
Accumulated depreciation		(11,382)	(6,756)
Closing net book value	6.1	8,267	2,067

6.1 Movement during the year

	Note	June 30, 2023	June 30, 2022
Opening net book value before reassessment of lease		2,067	4,073
Increase in cost on modification of lease term		10,826	-
Depreciation for the year		(4,626)	(2,006)
Closing net book value		8,267	2,067

6.2 During the year, the Group has extended its lease term. Consequently, the Group has recognised increase in right-of-use assets with a corresponding increase in lease liabilities.

7. DEFERRED TAXATION

	Note	June 30, 2023	June 30, 2022
		------- (Rupees in '000') ------	
Deductible temporary differences			
Accelerated accounting depreciation		35,571	26,786
Deferred liability - staff gratuity		630	702
Doubtful debts and other provision		28,128	25,390
Lease liabilities		3,599	912
Brought forward tax losses		4,483	-
Others		-	8,975
Exchange differences		-	1,450
		72,411	64,215
Taxable temporary differences			
Right of use assets		(2,397)	(599)
Exchange differences		(1,906)	-
		(4,303)	(599)
		68,108	63,616

8. COMMUNICATION STORES

	Note	June 30, 2023	June 30, 2022
Stores		204,481	157,300
Provision against slow moving stock	8.1	(19,376)	(16,875)
		185,105	140,425
Consumables		19,953	29,735
		205,058	170,160
Stock in transit		291,299	-
		496,357	170,160

		Note	June 30, 2023	June 30, 2022
			---- (Rupees in '000') -----	
8.1	**Provision against slow moving stores**			
	Opening balance		16,875	16,875
	Charge for the year		2,501	-
	Closing balance		19,376	16,875

9. TRADE DEBTS

	Note	June 30, 2023	June 30, 2022
Unsecured-considered good			
Related party - Holding Company		74,589	84,628
Others		1,704,065	1,616,014
		1,778,654	1,700,642
Considered doubtful trade debts		76,403	68,237
Loss allowance for ECLs	9.2	(76,403)	(68,237)
		-	-
		1,778,654	1,700,642

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

	Note	June 30, 2023	June 30, 2022
		---- (Rupees in '000') -----	
Holding Company		84,628	84,628

9.2 Loss allowance for ECLs

	June 30, 2023	June 30, 2022
Opening balance	68,237	85,062
Loss allowance made during the year	78,193	43,175
Provisions written off	(70,027)	(60,000)
	76,403	68,237

9.3 The ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor	Past dues but not impaired		
			> 1 month up to 3 months	> three months up to one year	Above one year
	---------------	---------------	Rupees '000'	---------------	---------------
Holding Company	74,589	-	-	-	74,589
Others	1,704,065	744,923	192,440	147,151	619,551
June 30, 2023	1,778,654	744,923	192,440	147,151	694,140
Related Party	84,628	84,628	-	-	-
Others	1,616,014	782,631	159,221	184,466	489,696
June 30, 2022	1,700,642	867,259	159,221	184,466	489,696

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

10. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	June 30, 2023	June 30, 2022
Advances - considered good, unsecured			
Employees - against expenses and projects		34,217	37,591
Advances for acquisition	10.1	19,749	-
Suppliers	10.2	769,591	161,517
		823,557	199,108
Deposits - considered good			
Earnest money		41,003	32,785
Margin against guarantee		109,577	67,400
Others		55,866	4,879
		206,446	105,064
Deposits - considered doubtful		2,441	2,441
Loss allowance against deposits considered doubtful		(2,441)	(2,441)
		-	-
		206,446	105,064
Prepayments			
Rent		1,835	1,835
Subscription		-	507
Others		771	103
		2,606	2,445
		1,032,609	306,617

10.1 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 of all regulatory requirements is expected to complete in the next financial year.

10.2 This is the amount being paid to suppliers in advances against the provision of services to be provided under the normal course of Group business and operation.

11. OTHER RECEIVABLES

	Note	June 30, 2023	June 30, 2022
		---- (Rupees in '000') -----	
Considered good			
Current account with related party	11.1	214,949	162,284
Insurance claim		5,280	4,756
Income tax refundable	11.2	2,991	2,991
Accrued mark-up from third party		2,216	-
Others		17,264	37,176
		242,700	207,207

11.1 Current account with related party

Holding Company		214,949	162,284

11.1.1 This represent amount due from the Holding Company against current account balance which is recoverable on demand and is non-interest bearing.

11.1.2 The maximum amount outstanding from Holding Company at any time during the year calculated by reference to month end balances amounts to Rs 214.949 million (2022: 162.284 million)

11.2 This represents payment made in response to tax demand raised during the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Holding Company as assessed in default for non-deduction of withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004. The Holding Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) which was rejected. The Holding Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. The ATIR after hearing remanded back the case to CIRA for careful consideration. The management in consultation with its tax advisor is confident of a favorable outcome in respect of the above matter and believes that upon the conclusion of pending proceedings, the tax paid by the Holding Company would become refundable.

	Note	June 30, 2023	June 30, 2022
		---- (Rupees in '000') -----	
12. CASH AND BANK BALANCES			
Cash in hand		119	220
In current accounts			
Local currency		34,171	17,794
Foreign currency		136,606	57,648
		170,777	75,442
In saving account			
Local currency	12.1	14,145	25,230
		185,041	100,892

12.1 This carries mark-up at the rate, ranging between 5.63% to 11.64% (June 30, 2022: 3.60% to 6.56%) per annum.

	June 30, 2023	June 30, 2022
	---- (Rupees in '000') -----	
13. SHARE CAPITAL AND RESERVES		
13.1 Authorized share capital		
150,000,000 ordinary shares of Rs.10 each	1,500,000	1,500,000
13.2 Issued, paid-up and subscribed share capital		
123,444,444 (June 30, 2022: 112,222,222 of Rs 10 each) ordinary shares of Rs.10/- each as follows:		
45,772,610 (June 30, 2022: 45,772,610) allotted as fully paid in cash	457,726	457,726
66,449,590 (June 30, 2022: 66,449,590) allotted as bonus shares	664,496	664,496
11,222,220 allotted as bonus shares during the year	112,222	-
	1,234,444	1,122,222

13.2.1 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.

13.2.2 The Shareholders of the Holding Company, in the annual general meeting held on October 27, 2022 approved issuance of 10% (ten percent) bonus shares, increasing Holding Company's total paid up capital from Rs. 1.122,222 million to Rs. 1.234,444 million divided into ordinary shares of Rs. 10/- each.

	Note	June 30, 2023	June 30, 2022
		---- (Rupees in '000') -----	
14. LEASE LIABILITIES			
Lease liabilities before reassessment		616	3,145
Increase in lease liabilities on modification of lease term		11,795	-
Lease liabilities against ROU assets		12,411	3,145
Current portion of lease liabilities		(4,330)	(2,529)
		8,081	616
14.1 Reconciliation of the carrying amount is as follows:			
As at July 01		3,145	5,313
Increase in lease liabilities on modification of lease term		11,795	-
Accretion of interest		2,446	654
Lease rental payments made during the year		(4,975)	(2,822)
Lease liability as at June 30		12,411	3,145
Current portion of lease liabilities	18	(4,330)	(2,529)
Long-term lease liabilities as at June 30		8,081	616
14.2 Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		4,330	2,067
Later than one year but not later than five years		12,197	1,484
		16,527	3,551
Future finance charge		(4,116)	(406)
Present value of finance lease liabilities		12,411	3,145

14.3 During the year, the Group has reassessed its lease liability as the lease terms were extended during the year. Accordingluy it has increase its lease liability with the correspoding increase in right of use asset.

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
15. DEFERRED LIABILITY			
Staff gratuity	15.1	2,173	2,436
15.1 Reconciliation of the carrying amount of staff gratuity :			
Opening balance		2,436	2,861
Charged for the year		486	73
Payments during the year		(749)	(498)
		2,173	2,436

16. TRADE AND OTHER PAYABLES

Trade creditors, unsecured			
Creditors		1,965,735	1,093,560
Other payables			
Contractual liability to franchisees		200	200
Accrued liabilities		38,400	75,174
Provision against compensated absences		2,056	3,577
CVAS fee to Pakistan Telecommunication Authority		10,011	5,737
Workers' welfare fund payable		127	2,254
Payable to employees' provident fund		2,782	32,718
Others		102,630	671
		156,206	120,331
		2,121,941	1,213,891

17. ACCRUED MARK-UP

On secured			
On long-term financing		-	713
On short-term financing		5,753	6,387
Employees' provident fund		215	215
		5,968	7,315

18. CURRENT

Running finance from bank – secured	18.1	134,284	138,548
Current maturity of long term financing:			
Term-finance		-	23,438
Finance lease obligation	14	4,330	2,529
		4,330	25,967
		138,614	164,515

18.1 This represents finance facility of Rs. 200 million (June 30, 2022: 200 million) obtained by the Holding Company for working capital purpose. This carries mark-up at the rate of 3 months KIBOR plus 2.4% (June 30, 2022: 3-months KIBOR plus 2.4%) p.a., 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 unutilized facility amounts to Rs. 65.72 million (June 30, 2022: 61.45 million).

19. CONTINGENCIES & COMMITMENTS

19.1 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Limited, Thailand, in the High Court of Sindh against the Group for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 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 Group 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 lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group'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 these consolidated financial statements.

19.2 A suit was filed by Huawei Technologies Company Limited, China, during the year ended June 30, 2002, in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs. 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 Group in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group'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 these consolidated financial statements.

19.3 The Group entered into a Master Services Agreement (MSA) with Intelsat Corporation in 2011, and various Service Orders with Intelsat Corporation and its affiliates (Intelsat), the last of which was amended in 2018. In 2020, the 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 Group's customers had been delayed by the Government of Pakistan. The said unsold and unusable capacity that the Group was forced to pay for, along with the artificially high rates charged by Intelsat were not in line with the market and was causing loss of business and profitability for the Group.

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

Considering this, the Group migrated its networks to other service providers and terminated the agreement with Intelsat Corporation. In response, Intelsat has filed a suit in the US to recover an amount of approximately US$10mn, mostly on account of services which were to be rendered in future by Intelsat to the Company. The management of the 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 Group has challenged the claim of Intelsat, and has filed a Suit for damages before the High Court of Sindh against Intelsat for recovery of the overcharged amounts and damages for loss of business and profits estimated in excess of US$18mn.

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

19.5 During the year ended June 30, 2013, the Group received notice under section 177 of the Income Tax Ordinance, 2001 for the tax year 2008 and subsequently tax demand of Rs. 15.398 million (June 30, 2020: Rs. 13.272 million) was raised. The Group through its tax consultant is pursuing the matter. So far, no adverse action has been taken against the Group by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favor of the Group. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

19.6 The Group was issued a show cause notice by Pakistan Telecommunication Authority (PTA) in 2015 alleging, amongst other things, that the Group did not seek a Commencement Certificate from PTA when License was issued in the year 2009. Subsequently an order was passed by PTA threatening to suspend the License. The Order was challenged by the Group before the High Court through an Appeal, which was disposed off by the High Court in March 2020 requiring the Group to comply with the PTA requirements. The Group has since complied with such requirements, and is awaiting completion of the process by the PTA for issuance of the Commencement Certificate. In parallel, the Group has filed an appeal in the Supreme Court 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.

19.7 In the year 2017, the Group 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.

19.8 The Group has received a demand of Rs 12.6 million from the Chief Inspector of Stamps, Board of Revenue in year 2022 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 Group 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 lawyer's opinion no provision has been made in these consolidated financial statements.

19.9 The Group has committed to deposit an amount of Rs. 37.876 million (June 30, 2022: 22.307) in terms of security deposit to its satellite bandwidth vendor.

19.10 Letters of guarantee, amounting to Rs. 116.073 million (June 30, 2022: Rs. 107.551 million), have been issued by commercial banks on behalf of the Group.

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
20. REVENUE - NET			
Revenue from contracts with customers			
Data networking		2,619,808	2,159,657
Sale of equipment, licenses and softwares		1,246,264	734,371
Revenue from turnkey projects		53,919	262,385
		3,919,991	3,156,413

			June 30, 2023	June 30, 2022
			----- (Rupees in '000') -----	
21.	**COST OF SERVICES**			
	Salaries and other benefits	21.1	227,960	201,883
	Interoperator services cost	21.2	1,219,172	878,239
	Cost of turnkey projects and licenses		39,689	188,221
	Communication stores consumed	21.3	944,929	506,874
	Consultancy charges		7,819	9,185
	Support services		52,079	47,836
	Depreciation	4.3	131,894	134,777
	Insurance		9,003	2,688
	Installation and maintenance		38,259	29,456
	CVAS license fee	21.4	9,657	5,524
	Conveyance and travelling		52,327	44,791
	Rent and utilities		3,375	2,809
	Communication		3,976	2,583
	Repairs and maintenance		1,948	962
	Office supplies		1,436	1,261
	Fuel and power		337	167
	Subscription charges		-	15,443
	Others		48,001	30,886
			2,791,861	2,103,585

21.1 This includes a sum of Rs 5.102 million (2022: Rs. 6.030 million) in respect of Group's contribution toward provident fund.

		June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
21.2	**Interoperator services cost**		
	Other than satellite bandwidth charges	167,304	157,959
	Satellite bandwidth charges	1,051,868	674,313
		1,219,172	878,239
21.3	**Communication stores consumed**		
	Opening balance as at July 01,	170,160	125,529
	Purchases for the year	1,271,126	551,505
	Closing balance	(496,357)	(170,160)
	Communication stores consumed	944,929	506,874

21.4 This represents CVAS annual license fee after incorporating inter-operator payments, paid to PTA for the establishing, maintaining and operating of Data Class Value Added Services (CVAS) in Pakistan.

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

22. ADMINISTRATIVE & OTHER EXPENSES

	Note	June 30, 2023	June 30, 2022
Salaries and other benefits	22.1	242,232	219,558
Rent and utilities		76,450	62,288
Insurance		5,003	1,494
Depreciation	4.3	8,835	10,402
Depreciation on right-of-use assets	6	4,626	2,006
Amortisation	5.1	290	290
Legal and professional charges		10,075	10,071
Repairs and maintenance		19,533	9,190
Conveyance and travelling		13,889	8,106
Office supplies		1,505	1,525
Subscription		2,018	6,690
Commission		990	493
Auditors' remuneration	22.2	2,943	2,014
Communication		4,344	2,822
Loss allowance for ECLs		78,193	43,174
Provision against slow moving stores		2,501	-
Entertainment		1,793	1,619
Others		37,924	14,177
		513,144	395,919

22.1 This includes a sum of Rs. 4.10 million (2022: Rs. 2.187 million) in respect of Group's contribution toward provident fund.

22.2 Auditors' remuneration

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Supernet Limited		
Audit fee for unconsolidated financial statements	1,100	800
Audit fee for consolidated financial statements	350	200
Review of Code of Corporate Governance	100	100
Review of half yearly financial statements	400	-
Other services and certifications	121	143
Out of pocket expenses	215	173
	2,286	1,416
Subsidiaries		
Audit fee for unconsolidated financial statements	582	525
Out of pocket expenses	75	73
	657	598
	2,943	2,014

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
23. DISTRIBUTION COSTS			
Salaries and other benefits	23.1	180,539	153,088
Conveyance and travelling		15,536	9,469
Office supplies		1,436	1,261
Repairs and maintenance		46	23
Advertisement and promotion		4,911	2,946
Communication		253	164
Entertainment		298	208
Utilities		425	354
Others		219	141
		203,663	167,654

23.1 This includes a sum of Rs. 3.452 million (2022: Rs. 1.961 million) in respect of Group's contribution toward provident fund.

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
24. OTHER INCOME		
Income from financial assets		
Income on saving accounts	20,730	4,221
Others		
Scrap sales	-	2,353
Reversal of provisions against staff incentives	3,950	2,853
Provision written back	-	7,675
	24,680	17,102
25. FINANCE COSTS		
Long-term financing	1,420	4,250
Short-term financing	27,587	17,929
Bank charges and commission	12,120	4,373
Finance cost on lease liability against ROU assets	2,446	654
	43,573	27,206
26. TAXATION		
Current	125,390	118,419
Prior	(27,817)	3,505
Deferred	(4,509)	(21,696)
	93,064	100,228
26.1 Relationship between accounting profit and income tax expense		
Profit before taxation	281,386	388,032
Tax @ 29%	81,602	112,529
year tax	(27,817)	3,505
Others	39,279	(15,806)
	93,064	100,228

26.2 The income tax assessments of the Group have been finalised up to and including the tax year 2022, except for tax years in respect of which, appeals are currently in progress at different forums (note 19.4 & 19.5).

27. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share has been computed by dividing the consolidated profit after taxation for the year attributable to owners of the Parent Company by the weighted average number of shares outstanding during the year.

	June 30, 2023	June 30, 2022
Profit for the year - (Rupees in '000')	185,514	287,629
		Restated
Weighted average number of shares - (In '000')	123,444	123,444
Earnings per share - (Rs)	1.50	2.33

27.1 There is no dilutive effect on the basic earnings per share as the Group has no potential convertible ordinary shares in issue as at the end of the reporting year.

27.2 Earning per share for the prior year has been adjusted retrospectively to include the impact of bonus shares issued subsequent to the year ended June 30, 2022.

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
28. CASH GENERATED FROM OPERATIONS			
Profit before taxation		281,386	388,032
Adjustments for non cash items:			
Depreciation		140,729	145,179
Depreciation on ROU assets		4,626	2,006
Amortisation		290	290
Finance cost		31,453	22,833
Staff gratuity		503	391
Provision for ECL against trade debts		78,193	43,174
Provision for slow moving stores		2,501	-
Unrealised exchange (gain) / loss		(6,537)	5,000
Reversal of provision		-	(7,675)
Profit from saving account		(20,730)	(4,221)
Working capital changes	28.1	(331,801)	(569,989)
		180,613	25,020

28.1 Working capital changes

	June 30, 2023	June 30, 2022
(Increase) / decrease in current assets		
Communication stores	(328,698)	(44,631)
Trade debts	(156,205)	(596,547)
Advances, deposits and prepayments	(725,992)	(182,243)
Other receivables	(35,493)	(86,204)
	(1,246,388)	(909,625)
Increase / (decrease) in current liabilities		
Trade and other payables	914,587	339,636
	(331,801)	(569,989)

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

29. FINANCIAL INSTRUMENTS BY CATEGORY

29.1 Financial assets measured at amortised cost

	June 30, 2023	June 30, 2022
Long-term deposits	95	95
Trade debts	1,778,654	1,700,642
Advances, deposits and prepayments	206,446	105,064
Other receivables	239,709	204,216
Cash and bank balances	185,041	100,892
	2,409,945	2,110,909

29.2 Financial liabilities measured at amortised cost

	June 30, 2023	June 30, 2022
Lease liabilities	8,081	616
Trade and other payables	2,118,832	1,178,719
Accrued mark-up	5,968	7,315
Current portion of lease liabilities and short-term financing	138,614	164,515
	2,271,495	1,351,165

30. 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.

30.1 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. The Group is only exposed to foreign currency and interest rates risk as at reporting date.

30.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2021, the group is exposed to such risk mainly in respect of return on saving accounts, long-term and short-term financing as these are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Variable rate instruments:		
Financial asset		
Saving account	14,145	25,230
Financial liabilities		
Short-term financing	(134,284)	(161,986)
Net financial liabilities at variable interest rates	(120,139)	(136,756)

Cash flow sensitivity analysis for variable rate instruments

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. 1.000 million (June 30, 2022: Rs. 1.000

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 sensitive analysis.

30.1.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates. The Group in this respect is exposed to creditors on account of foreign satellite bandwidth providers as at reporting date. These creditors are dominated in US Dollars (US$). As at reporting date, the total exposure against foreign creditors amounts to US$ 2.248 million (2022: US$ 3.073 million). Spot rate as at June 30, 2023 is Rs. 285.99 to US$ (2022: 205.12 to US$).

The management of the Group closely monitors the currency markets. Management of the Group estimates that if Pakistani rupee had weakened / strengthened against the USD by 1% with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 6.429 million (2022: 6.303 million). However, in practice, the actual results may differ from the sensitively

30.1.3 Equity risk

Equity risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2021, the Group is not exposed to equity price risk.

30.2 Credit risk

Credit risk is the risk that counter party will cause a financial loss to the Group by failing to discharge its obligations. 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 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 table below analyses the group's maximum expose to credit risk.

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Long-term deposits	95	95
Trade debts	1,778,654	1,700,642
Deposits	206,446	105,064
Other receivables	239,709	204,216
Bank balances	184,922	100,672
	2,409,826	2,110,689

30.2.1 Short-term deposits and other receivables

The Group carries short-term deposits and other receivables amounting to Rs. 446.155 million (2022: 309.280 million). This includes receivable from related party, short-term deposits and others.

To reflect short-term maturities of the above balances, the Group has measured impairment on a 12 expected credit loss basis. The management believes that these have low credit risk based on the facts that majority of outstanding balance is receivable from related party and other credit worthy counter

30.2.2 Trade debts

The Group's exposure to credit risk is mainly influenced by individual characteristics of each customer. The management of the Group has established a credit policy whereby individual customers are assessed for credit worthiness by reviewing relevant internal and external available information. The

Group limits its exposure to credit risk from trade debts by establishing a maximum payment year ranging between one to three months for corporate customers. The Group has been transacting with telecommunication companies and defense and government institutions since years and none of these entities balances have been written-off or credit impaired as at reporting date.

Corporate customers consists of legal entities only and the Group does not deal with individual customers. Most of the corporate customers have been transacting with the Group for many years and are not credit impaired as at reporting date. Ageing analysis of trade debts is disclosed in note 9.3 to these consolidated financial statements.

Expected credit losses

The Group uses allowance matrix for measurement of expected credit losses on trade debts. Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the management's view of economic conditions over the expected lives of the trade debts. The Group carries the following balance on account of expected credit losses as at reporting date:

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Expected credit losses on trade debts arising from contracts with customers	76,403	68,237

For movement in expected credit losses during the reporting year, refer note 9.2.

30.2.3 Bank balances

The credit quality of Group's bank balances can be assessed with reference to external credit rating agencies as follows:

	June 30, 2023	June 30, 2022
	------- (Rupees in '000') -------	
Rating (long term)		
AAA	5,096	6,803
AA	199	199
AA+	122,432	86,360
A+	341	310
A	56,725	-
BBB-	129	7,000
	184,922	100,672

30.3 Liquidity risk

Liquidity risk represents the risk that the Group 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 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. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external liquidity requirements and maintaining debt financing plans. However, the Group plans to improve its liquidity position through enhancement and re-profiling of banking facilities, improved revenue generation and cost cutting measures.

Financial liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	------	------	Rupes in '000	------	------
Short-term financing	134,284	1,083	3,247	-	138,614
Trade and other payables	-	69,647	2,049,635	-	2,118,832
Lease liability	-	-	-	8,081	8,081
Accrued mark-up	-	5,968	-	-	5,968
June 30, 2023	140,550	62,947	1,451,822	8,081	1,655,319

Financial liabilities		Contractual cash flows			
	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	------	------	Rupes in '000	------	------
Short-term financing	138,548	2,531	23,436	-	164,515
Trade and other payables	-	162,997	1,015,722	-	1,178,719
Accrued mark-up	-	7,315	-	-	7,315
June 30, 2022	138,548	172,843	1,039,158	-	1,350,549

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 14.2 to the consolidated financial statements.

30.4 Fair value of financial instruments

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

The estimated fair value of all the financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or repriced yearly. All the financial assets and financial liabilities carrying amounts are reasonable approximation of their fair values.

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

quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

30.5 Capital risk management

The Group's objective when managing capital is to safeguard the Group'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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and take other measures which commensurate to the circumstances. The Group finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

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

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
Total debt	146,695	165,131
Cash & cash equivalent	(185,041)	(225,892)
	(38,346)	(60,761)
Total shareholders' equity	2,003,741	1,737,234
Total debt and equity	1,965,395	1,676,473
Gearing ratio	-1.95%	-3.62%

31. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration, including all benefits to the executives of the Group are as follows:

	For the year ended			
	Chief executive officer of the Holding Company		Executives	
	2023	2022	2023	2022
	..................(Rupees in '000')..................			
Managerial remuneration	10,000	22,728	124,477	121,197
Medical	35	195	660	763
Perquisites and benefits	4,552	6,835	106,163	90,920
Others	2,916	7,288	36,165	18,359
	17,503	37,046	267,465	231,239
Number of person	1	1	45	40

31.1 No remuneration has been paid to any of the directors during the reporting year (June 30, 2022: nil).

31.2 Executives as mentioned above include the salaries of executives of subsidiaries only.

31.3 CEO of Supernet Limited and one its subsidiary company is same. Accordingly, his total remuiration from the group has been reported in these consolidation financial statements

32. OPERATING SEGMENTS

The consolidated financial statements are prepared on the basis of single reporting segment consistent with the information review by the chief operating decision maker.

33. TRANSACTIONS WITH RELATED PARTIES

The related parties include a Parent Company and its subsidiaries, directors and other key management personnel. Transactions with related parties, other than those disclosed elsewhere in these consolidated financial statements are as under:

		June 30, 2023	June 30, 2022
		----- (Rupees in '000') -----	
Name & Relationship	**Nature of transactions**		
Telecard Limited	Services received	-	220,000
	Advance repaid by the Parent Company	-	424,800
	Advance given to the Parent Company	-	474,119

34. PROVIDENT FUND RELATED DISCLOSURE

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

	June 30, 2023	June 30, 2022
	----- (Rupees in '000') -----	
	Un-audited	Audited
Size of the fund - Total assets	145,440	132,536
Cost of the investment made	107,113	78,795
Fair value of investments	113,112	73,326
Percentage of investments made	77.77%	55.33%

34.1 The share of employees of the Group is 60.5% (June 30, 2022: 55%) in the total assets of the fund.

	June 30, 2023 (Rs in "000")	%	June 30, 2022 (Rs in "000")	%
Bank balances/deposits	104,674	93%	66,704	91%
Mutual funds	8,448	7%	6,622	9%
	113,122		73,326	

34.2 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.

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

35. NUMBER OF EMPLOYEES

Total employees of the Group at the year end	454	441
Average employees of the Group during the year	433	447

36. NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 5, 2023 has proposed a bonus shares of 10% (2022: bonus shares 10%) in respect of the year ended June 30, 2023. The consolidated financial statements for the year ended June 30, 2023 do not include the effect of these appropriations which will be accounted for in the year ending June 30, 2024.

37. CORRESPONDING FIGURES

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

38. AUTHORISATION FOR ISSUE

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

39. 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**

SUPERNET
Empowering Networks

SUPERNET LIMITED			
COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS			
AS AT 30/06/2023			
NUMBER OF SHARE HOLDERS	S H A R E H O L D I N G S		TOTAL SHARES HELD
3	1	- 100	201
5	101	- 500	2,440
7	501	- 1,000	4,150
31	1,001	- 5,000	79,583
14	5,001	- 10,000	92,287
4	10,001	- 15,000	55,000
2	15,001	- 20,000	33,600
3	20,001	- 25,000	66,150
7	25,001	- 30,000	195,400
1	30,001	- 35,000	31,900
1	35,001	- 40,000	40,000
4	40,001	- 45,000	175,175
1	45,001	- 50,000	50,000
1	50,001	- 55,000	55,000
2	60,001	- 65,000	128,508
1	65,001	- 70,000	69,850
1	75,001	- 80,000	75,240
2	85,001	- 90,000	175,950
1	90,001	- 95,000	91,300
2	95,001	- 100,000	199,100
1	100,001	- 105,000	102,000
1	110,001	- 115,000	111,534
1	115,001	- 120,000	115,628

1	145,001	-	150,000	143,760
1	150,001	-	155,000	152,900
1	155,001	-	160,000	155,001
1	160,001	-	165,000	161,675
1	185,001	-	190,000	189,600
1	195,001	-	200,000	199,464
1	220,001	-	225,000	223,300
1	235,001	-	240,000	238,700
1	240,001	-	245,000	242,000
1	315,001	-	320,000	318,450
1	360,001	-	365,000	365,000
1	405,001	-	410,000	406,500
1	550,001	-	555,000	555,000
1	885,001	-	890,000	887,031
1	1,370,001	-	1,375,000	1,375,000
1	1,980,001	-	1,985,000	1,980,939
1	2,210,001	-	2,215,000	2,213,650
1	2,505,001	-	2,510,000	2,509,521
1	3,895,001	-	3,900,000	3,900,000
1	5,060,001	-	5,065,000	5,060,234
1	100,215,001	-	100,220,000	100,216,722
117				**123,444,443**

Supernet Limited Categories of Shareholders			
As at June 30, 2023			
NAME	**NO OF SHARES**	**NOS**	**%**
INDIVIDUALS	**10,843,495**	**95**	**9**
JOINT STOCK COMPANIES	11,053,273	7	8.95
BANKS, DFI'S, INSURANCE COMPANIES	238,700	1	0.19
MODARBAS AND MUTUAL FUND & OTHERS	1,086,753	6	0.88
	12,378,726	**14**	**10.03**
ASSOCIATES	**100,216,722**	**1**	**81.18**
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
JAMAL NASIR KHAN	1100	1	0.00
SYED AAMIR HUSSAIN	550	1	0.00
SYED HASHIM ALI	550	1	0.00
WASEEM AHMAD	550	1	0.00
AHMER QAMAR	1,100	1	0.00
ASAD MUJTABA NAQVI	550	1	0.00
Ms. NAUEEN AHMED	1,100	1	0.00
	5,500	**7**	**0.00**
Total	**123,444,443**	**117**	**100**

Form of Proxy for the Annual General Meeting

I/We ____________________ s/o __________________________of ________ being a member of **Supernet 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 1100 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.

					-								-	

Or Passport No. ____________________

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

CNIC No.

					-								-	

Or Passport No. ____________________

____

Signature of the shareholder

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

CNIC No.

					-								-	

NOTES:

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

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

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