SUPERNET LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

Parker Randall International

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Supernet Limited** (the Company) as at June 30, 2017 and the related statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the statement of financial position and statement of profit and loss together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss, statement of comprehensive income, statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive income, cash flows and changes in equity and for the year then ended; and

(a) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Parker Randall AJS

Chartered Accountants

Audit Engagement Partner:
Muhammad Shabbir Kasbati

PRAJS

Date: 06 OCT 2017
Place: Karachi

SUPERNET LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') ------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	**231,095**	186,758
Intangible assets	5	**760**	840
		231,855	187,598
Long-term deposits	6	**33,498**	31,825
Deferred taxation	7	**20,972**	25,926
		286,325	245,349
CURRENT ASSETS			
Communication stores	8	**161,254**	111,232
Trade debts	9	**1,106,899**	930,308
Advances	10	**295,385**	83,002
Deposits and prepayments	11	**43,864**	25,316
Other receivables	12	**17,128**	15,844
Taxation - net		**166,479**	171,535
Cash and bank balances	13	**33,186**	15,768
		1,824,195	1,353,005
TOTAL ASSETS		**2,110,520**	1,598,354
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
60,000,000 (2015: 60,000,000) ordinary shares of Rs.10 each		**600,000**	600,000
Issued, subscribed and paid-up capital	14	**387,717**	387,717
Revenue reserves			
Share premium		**13,424**	13,424
Unappropriated profit		**387,404**	387,091
		400,828	400,515
		788,545	788,232
NON-CURRENT LIABILITIES			
Long-term loan	15	**109,375**	-
Liabilities against asset subject to finance lease	16	**3,041**	-
Staff gratuity	17	**2,861**	3,319
		115,277	3,319
CURRENT LIABILITIES			
Trade and other payables	18	**961,812**	605,060
Advance from customers	19	**79,955**	8,871
Running finance	20	**139,972**	162,872
Short-term borrowing	21	**7,500**	30,000
Current maturity of long-term liabilities	22	**17,459**	-
		1,206,698	806,803
Contingencies & commitment	23		
TOTAL EQUITY AND LIABILITIES		**2,110,520**	1,598,354

The annexed notes from 1 to 40 form an integral part of these financial statements.

PRASS

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

SUPERNET LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------ (Rupees in '000') ------	
Revenue - net	24	**2,024,988**	1,905,293
Cost of services	25	**(1,524,827)**	(1,522,228)
Gross profit		**500,161**	383,065
Administrative expenses	26	**(235,530)**	(143,844)
Distribution costs	27	**(95,909)**	(83,094)
Other operating expenses		**-**	(5,748)
		(331,439)	(232,686)
Other income	28	**5,970**	2,666
		(325,469)	(230,020)
Operating profit		**174,692**	153,045
Finance costs	29	**(22,546)**	(16,702)
Profit before taxation		**152,146**	136,343
Taxation	30	**(151,833)**	(132,798)
Net profit for the year		**313**	3,545
Earnings per share - basic and diluted	31	**0.01**	0.09

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

SUPERNET LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
	------ (Rupees in '000') ------	
Net profit for the year	**313**	3,545
Other comprehensive income	**-**	-
Total comprehensive income	**313**	3,545

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

SUPERNET LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**205,045**	134,135
Income tax paid		**(141,823)**	(145,693)
Finance cost paid		**(21,330)**	(15,837)
Gratuity paid		**(458)**	(1,048)
Net cash (used)/ generated from operating activities		**41,434**	(28,443)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(94,419)**	(97,755)
Capital work-in-progress		**(7,579)**	-
Net cash used in investing activities		**(101,998)**	(97,755)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan		**125,000**	-
Lease rentals paid		**(1,618)**	-
Running finance		**(22,900)**	35,041
Short-term borrowing		**(22,500)**	30,000
		77,982	65,041
Net increase/ (decrease) in cash and cash equivalents		**17,418**	(61,157)
Cash and cash equivalents at the beginning of the year		**15,768**	76,925
Cash and cash equivalents at the end of the year	33	**33,186**	15,768

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

SUPERNET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Revenue reserves		Total
		Share premium	Un appropriated profit	
	(Rupees in '000')			
Balance as at June 30, 2015	387,717	13,424	383,546	784,687
Total comprehensive income for the year	-	-	3,545	3,545
Balance as at June 30, 2016	387,717	13,424	387,091	788,232
Total comprehensive income for the year	-	-	313	313
Balance as at June 30, 2017	**387,717**	**13,424**	**387,404**	**788,545**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

1. THE COMPANY AND ITS OPERATIONS

Supernet Limited (the Company) was incorporated in Pakistan on March 14, 1995 as an unquoted public limited company under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Telecard Limited (the 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 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value. These financial statements are prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

Items included in the 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 Standards, interpretations and amendments to approved accouting standards

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

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

Standards/ amendements/ interpretations		Effective date (accounting periods beginning on or after)
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IFRS 7	Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IFRS 17	Insurance Contracts	January 01, 2021
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainity over Income Tax Treatments	January 01, 2019

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2017
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 01, 2018

The management anticipates that, the adoption of the above standards and amendments in future periods will not affect materially the Company's financial statements in the period of initial application.

In addition, the Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statement in accordance with provisions of the repealed Companies Ordinance, 1984.

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

Standards

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

2.4.2 Standards, amendments and interpretations adopted during the year

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

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
IFRS 7	Financial Instruments: Disclosure (Amendments)
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate
IFRS 10	Consolidated Financial Statements
IFRS 10, 12 & IAS 27	Investment Entities Applying the Consolidation Exceptions (Amendments)
IAS 1	Disclosure Initiative (Amendments)
IAS 16 & 38	Clarification of Acceptable Methods of Depreciation and Amortization
IFRS 11	Accounting for Acquisition of Interest in Joint Operations (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 27	Equity Method in Separate Financial Statements (Amendments)
IAS 34	Interim Financial Reporting (Amendments)
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

2.4.3 Significant accounting estimates and judgments

The preparation of 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 Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

	Note
Determining the residual values and useful lives of fixed assets	3.1, 4 & 5
Impairment of fixed assets	3.1, 4 & 5
Provisions for doubtful debts and other receivables	3.3, 9
Recognition of tax and deferred tax	3.11, 7 & 30
Other provisions and contingent liabilities	3.6 & 23
Employees' benefits	3.10 & 17

3. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

The signficant accouting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these 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 impairment losses, if any. Subsequent costs, if reliably measureable, 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 Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to statement of profit and loss during the period in which they are incurred.

Depreciation is charged to statement of profit and loss 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 relevant note to these 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 statement of comprehensive income for the year. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and 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 recognized in statement of profit and loss for the year.

Capital work-in-progress

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

Leased asset

The Company accounts for assets acquired under finance lease by recording the assets and related liability at fair value. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged at the rates specified in relevant note to these financial statements and is written off asset over its estimated useful life.

3.1.2 Computer software

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

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

3.2 Communication stores

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

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

3.3 Trade debts and other receivables

These are recognized and carried at their original invoice amount, less any estimate made for doubtful debts based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.4 Cash and cash equivalents

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

3.5 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.

3.6 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 at each date of statement of financial position and are adjusted to reflect the current best estimate.

3.7 Financial instruments

All the financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled, or expired. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction cost are charged to statement of profit and loss for that year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of profit and loss in the period in which they arise.

3.8 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 realize the asset and settle the liability simultaneously.

3.9 Impairment

Financial assets

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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 at each date of statement of financial position. 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 amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the comprehensive income of that year.

3.10 Employees' benefits

Gratuity fund

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

Provident fund

The Holding 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.

Compensated absences

The Company accounts for these benefits in the period in which the absences are earned. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of statement of financial position.

3.11 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 recognized 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.

3.12 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 and loss.

3.13 Revenue recognition

- Revenue from data networking services is recognised upon the rendering of such services.
- Revenue from sale of equipment is recognised when equipment is dispatched to customers.
- Return on bank balances is accrued using effective interest method.

3.14 Dividend and other appropriation of reserves

Dividends and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

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4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000')	
Operating fixed assets	4.1	223,516	186,758
Capital work-in-progress		7,579	-
		231,095	186,758

4.1 Operating fixed assets

	Note	Cost			Accumulated depreciation			WDV	Depreciation rate per annum %
		As at July 01, 2016	Additions/ transfers	As at June 30, 2017	As at July 01, 2016	For the year	As at June 30, 2017	as at June 30, 2017	
		(Rupees in '000')							
Owned assets									
Leasehold improvements		23,548	170	23,718	16,292	1,984	18,276	5,442	20
Communication equipments	4.2	1,262,785	85,647	1,348,432	1,107,944	54,289	1,162,233	186,199	20
Furniture, fixtures and office equipments		40,762	5,379	46,141	24,817	2,582	27,399	18,742	10
Computers and accessories		43,520	3,223	46,743	39,798	2,574	42,372	4,371	33
Motor vehicles		15,185	-	15,185	10,191	1,956	12,147	3,038	20
Leased assets									
Plant and equipment		-	6,493	6,493	-	769	769	5,724	20
June 30, 2017		1,385,800	100,912	1,486,712	1,199,042	64,154	1,263,196	223,516	

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

		Cost			Accumulated depreciation				
	Note	As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	WDV as at June 30, 2016	Depreciation rate per annum %
		(Rupees in '000')							
Leasehold improvements		23,143	405	23,548	14,329	1,963	16,292	7,256	20
Communication equipments	4.2	1,171,516	91,269	1,262,785	1,067,609	40,335	1,107,944	154,841	20
Furniture, fixtures and office equipments		37,215	3,547	40,762	22,616	2,201	24,817	15,945	10
Computers and accessories		40,986	2,534	43,520	37,242	2,556	39,798	3,722	33
Motor vehicles		15,185	-	15,185	7,760	2,431	10,191	4,994	20
June 30, 2016		1,288,045	97,755	1,385,800	1,149,556	49,486	1,199,042	186,758	

4.2 Equipment, costing Rs. 707.849 (2016: Rs. 642.848) million, having a net book value of Rs.154.098 (2016: Rs. 94.214) million are in the possession of the customers of the Company in the ordinary course of business.

	Note	2017	2016
		(Rupees in '000')	
4.3 Depreciation for the year has been allocated as follows:			
Cost of services	22	**54,289**	40,335
Administrative expenses	23	**9,865**	9,151
		64,154	49,486

4.4 The cost of fully depreciated assets as at June 30, 2017 is Rs. 1,126.135 (2016: Rs. 1,080.25) million.

	Note	2017	2016
		(Rupees in '000')	
5. INTANGIBLE ASSETS			
Computer software	5.1	**760**	300
Capital work-in-progress		-	540
		760	840

5.1 Computer software

	Cost			Accumulated amortisation				
	As at July 01, 2016	Additions/ transfer	As at June 30, 2017	As at July 01, 2016	For the year	As at June 30, 2017	WDV as at June 30, 2017	Amortisation rate per annum %
	(Rupees in '000')							
Computer software, June 30, 2017	**39,236**	**540**	**39,776**	**38,936**	**80**	**39,016**	**760**	**20**
Computer software, June 30, 2016	39,236	-	39,236	38,856	80	38,936	300	20

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	

6. LONG TERM DEPOSITS

Security deposits - considered good			
Deposit to foreign satellite bandwidth providers		**23,476**	21,803
China Orient Telecom Satellite Company Limited		**6,473**	6,473
ABS Global Middle East		**3,454**	3,454
Others long term deposits		**95**	95
		33,498	31,825

7. DEFERRED TAXATION

Deferred tax debits arising from:			
Accelerated accounting depreciation		**11,461**	21,358
Retirement benefits		**858**	984
Provisions		**8,653**	3,584
		20,972	25,926

8. COMMUNICATION STORES

Stores		**151,472**	118,703
Provision against slow moving stores		**(10,743)**	(10,743)
		140,729	107,960
Consumables		20,525	3,272
		161,254	111,232

9. TRADE DEBTS

Unsecured-considered good			
Related parties	9.1	**73,767**	71,168
Others	9.2	**1,033,132**	859,140
		1,106,899	930,308
Considered doubtful trade debts		**81,597**	15,660
Provision against trade debts considered doubtful		**(81,597)**	(15,660)
		-	-
		1,106,899	930,308

9.1 Related parties

Holding Company		**66,392**	66,357
Grand Leisure Corporation (Private) Limited		**626**	626
Arfeen International (Private) Limited		**2,346**	1,348
Envicrete Limited		**23**	-
Telecard E-solutions (Private) Limited		**4,380**	2,837
		73,767	71,168

9.2 Provision against trade debts considered doubtful

Balance at the beginning of the year		**15,660**	15,660
Charge for the year		**65,937**	-
		81,597	15,660

9.3 As at 30 June 2017, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > three months up to one year	Past due but not impaired: Above one year
	-----------------------------	Rupees	------------------------------	
Related parties	73,767	205	2,022	71,540
Others	1,033,132	438,826	161,873	432,433
June 30, 2017	**1,106,899**	**439,031**	**163,895**	**503,973**
Related parties	71,168	4,462	11,503	55,203
Others	859,140	174,425	438,855	245,860
June 30, 2016	930,308	178,887	450,358	301,063

	June 30, 2017	June 30, 2016
	----- (Rupees in '000')	-----

10. ADVANCES

Unsecured - considered good		
Holding Company	**212,164**	40,664
Employees - against expenses and projects	**33,314**	14,134
Suppliers	**49,907**	28,204
	295,385	83,002

11. DEPOSITS AND PREPAYMENTS

Deposits - considered good		
Earnest money	**22,104**	11,582
Margin against guarantee	**16,497**	6,552
Others	**1,766**	1,831
	40,367	19,965
Considered doubtful deposits	**2,441**	2,441
Provision against deposits considered doubtful	**(2,441)**	(2,441)
	-	-
	40,367	19,965
Prepayments		
Rent	**2,538**	3,561
Subscription	**507**	1,062
Others	**452**	728
	3,497	5,351
	43,864	25,316

		Note	June 30, 2017	June 30, 2016
			----- (Rupees in '000') -----	
12.	**OTHER RECEIVABLES**			
	Considered good			
	Current accounts with related parties	12.1	**6,485**	6,485
	Insurance claim		**2,427**	982
	Income tax refundable	12.2	**2,991**	2,991
	Accrued mark-up from related parties		**2,216**	2,216
	Others		**3,009**	3,170
			17,128	15,844
12.1	**Current accounts with related parties**			
	Telecard E-solutions (Private) Limited		**4,847**	4,847
	Grand Leisure Corporation (Private) Limited		**719**	719
	Envicrete Limited		**529**	529
	Arfeen International (Private) Limited		**390**	390
			6,485	6,485

12.2 During the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Company as assessee in default for non deduction of withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004 and raised a demanded Rs. 2.797 million in respect of tax not deducted and Rs. 2.414 million in respect of default surcharge. The 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 and the Company made a payment of Rs. 2.605 million, being 50% of above stated tax demand. Later on, the Company opted to avail benefit of tax amnesty scheme vide Notification SRO 547/(I)/2012 dated May 22, 2012 in respect of waiver of default surcharge and made further payment of Rs.191,576 and informed the Officer Inland Revenue (OIR) that since the Company has paid the original tax demand, the default surcharge stood waived. The OIR rejected the Company's plea and demanded the payment of default surcharge. Company filed a appeal before the CIRA which was rejected. The Company had filed second appeal before the ATIR. The ATIR after hearing remanded back the case to CIRA for careful consideration of the evidence of payment of tax by the Company. As per the legal advisor, on the conclusion of pending proceedings, the tax paid by the Company would become refundable.

		June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
13.	**CASH AND BANK BALANCES**		
	Cash at banks in current accounts		
	Local currency	**11,024**	1,398
	Foreign currency	**1,381**	-
		12,405	1,398
	Cash at banks in savings account		
	Local currency saving account	**20,781**	14,370
		33,186	15,768

13.1 This carries mark-up at the rate, ranging between 3.34% to 3.93% (2016: 3.48% to 5.89%) per annum.

BAT

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2017	June 30, 2016		Note	June 30, 2017	June 30, 2016
Number of shares				------- (Rupees in '000') -------	
		Fully paid ordinary shares of Rs. 10			
33,550,410	33,550,410	Issued for cash		**335,504**	335,504
5,221,280	5,221,280	Issued for as bonus		**52,213**	52,213
38,771,690	38,771,690			**387,717**	387,717

15. LONG-TERM LOAN

From bank - Secured

	Note	June 30, 2017	June 30, 2016
Long term finance	15.1	**125,000**	-
Less: current portion under current liability	22	**(15,625)**	-
		109,375	-

15.1 The facility is obtained during the current year ended June 30, 2017 from a commercial bank. The loan is repayable in 16 equal quarterly installments after a grace period of one year with the first payment starting from January 9, 2018. The loan carries mark-up at the rate of six month KIBOR plus 2.4 % per anum, with the mark-up payable quarterly.

The facility is secured against hypothecation charge over plant and machinery, first pari pasu charge on current assets of the Company, pledge on shares of Holding company and third party equitable mortgage on property.

16. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

The amount of future payments for the lease and the period of their maturity are as follows:

	2017		
	Minimum lease payments	Future financial charges	Present value
	---------------Rs. in '000'---------------		
Due within one year	2,283	449	1,834
Due after one year but not later than 3 years	3,316	275	3,041
Total minimum lease payments	**5,599**	**724**	**4,875**

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

		June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
17.	**STAFF GRATUITY**		
	Balance at the beginning of the year	**3,319**	4,367
	Payments during the year	**(458)**	(1,048)
		2,861	3,319
18.	**TRADE AND OTHER PAYABLES**		
	Trade		
	Creditors	**336,047**	254,228
	Holding Company	**400,907**	195,477
	IIL (Private) Limited	**27,101**	12,626
		764,055	462,331
	Other payables		
	Advances from franchisees	**200**	200
	Accrued liabilities	**52,728**	34,323
	Accrued mark-up on short-term running finance	**2,995**	3,128
	Accrued mark-up on short-term borrowing	**142**	1,456
	Accrued mark-up on long-term loan	**2,663**	-
	Provision against compensated absences	**3,234**	3,234
	Royalty to PTA	**7,063**	5,723
	Unearned revenue	**95,949**	72,238
	Workers' welfare fund payable	**2,782**	4,875
	Employees' provident fund	**1,301**	1,124
	Others	**28,700**	16,428
		197,757	142,729
		961,812	605,060
19.	**ADVANCE FROM CUSTOMERS**		
	Telenor LDI Communication (Private) Limited	**71,084**	-
	Pakistan Mobile Communication Limited	**8,871**	8,871
		79,955	8,871
20.	**RUNNING FINANCE**		
	From bank – secured	**139,972**	162,872

20.1 The Company has arranged short-term running finance facility, aggregating to Rs.150 million (2016: Rs.150 million) from a commercial bank. This carry mark-up at three months KIBOR plus 2.4% (2016: three months KIBOR plus 2.4%) per annum, payable quarterly. These facilities are secured by a first charge on the stock and the book debts of the Company.

		June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	

21. SHORT-TERM BORROWING

Secured		
From bank	**7,500**	30,000

21.1 This represents short-term finance facility aggregating to Rs. 30.00 million obtained from a commercial bank. This carry mark-up at three month KIBOR plus 5% per annum. The faciliy is secured by ranking charge over the current assets of the Company.

22. CURRENT MATURITY OF LONG-TERM LIABILITIES

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
Long-term loan	15	**15,625**	-
Liabilities against asset subject to finance lease	16	**1,834**	-
		17,459	-

23. CONTINGENCIES & COMMITMENT

23.1 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Company 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. 34.086 (2016: Rs. 33.988) million. Out of this amount, a sum of Rs. 15.543 (2016: Rs. 12.738) million had been withheld from the payments made by the Company to the above-referred entity. The balance amount of Rs. 18.542 (2016: Rs. 21.250) million has not been provided for in these 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 favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

23.2 A suit was filed by Huawei Technologies Company Limited, China in the High Court of Sindh against the Company for the return of certain equipment or payment of US$300,000 equivalent to Rs.31.500 (2016: Rs. 31.410) million and a compensation of US$270,000 [approximately Rs. 28.350 (2016: Rs. 28.269) 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 favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

23.3 The income tax assessments of the Company have been finalized up to and including the tax year 2014. 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 favour 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.

23.4 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 has so far furnished evidence of Rs. 13.272 million while pursuing for remaining tax deductions evidences of Rs. 2.126 million and to submit details to the department. So far no action has been taken against the Company by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favour of the Company. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

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

23.6 Letters of guarantee, amounting to Rs. 9.907 (2016: Rs. 2.204) million, have been issued by commercial banks on behalf of the Company.

	June 30, 2017	June 30, 2016
	----- **(Rupees in '000')** -----	
24. REVENUE - NET		
Services		
Data networking	**1,931,296**	1,840,838
Sale of equipment	**67,742**	29,512
Turnkey projects	**25,950**	34,943
	2,024,988	1,905,293

		Note	June 30, 2017	June 30, 2016
			----- (Rupees in '000') -----	
25.	**COST OF SERVICES**			
	Salaries, wages and other benefits	25.1	**192,082**	131,347
	Interoperator services cost	25.2	**1,121,177**	1,238,811
	Cost of turnkey projects		**18,778**	26,622
	Communication stores consumed	25.3	**39,463**	10,009
	Consultancy charges		**3,918**	3,554
	Support services		**31,853**	19,683
	Depreciation	4.3	**54,289**	40,335
	Insurance		**2,996**	3,588
	Installation and maintenance		**31,635**	20,511
	Royalty to PTA	25.4	**4,051**	3,011
	Conveyance and travelling		**9,381**	12,082
	Rent and utilities		**2,830**	2,459
	Communication		**2,687**	2,707
	Repairs and maintenance		**1,569**	1,153
	Others		**8,118**	6,356
			1,524,827	1,522,228

25.1 This includes a sum of Rs. 3.452 (2016: Rs. 2.260) million in respect of staff retirement benefits.

		June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
25.2	**Interoperator services cost**		
	Other than satellite brandwidth charges	**192,726**	171,194
	Satellite bandwidth charges	**723,321**	871,533
	Network usage cost	**205,130**	196,084
		1,121,177	1,238,811
25.3	**Communication stores consumed**		
	Opening balance	**118,703**	110,525
	Purchases	**72,232**	18,187
	Closing balance	**(151,472)**	(118,703)
		39,463	10,009

25.4 This represents royalty, after incorporating adjustment of inter-operator payments, paid to PTA for the establishing, maintaining and operating of Data Class Value Added Services (CVAS) in Pakistan under license number DIR (L)/CVAS-303/PTA/2009, granted on October 23, 2009 for the period of 15 years.

		Note	June 30, 2017	June 30, 2016
			----- (Rupees in '000') -----	
26.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	26.1	**75,388**	62,912
	Rent and utilities		**51,838**	44,310
	Insurance		**1,663**	1,992
	Depreciation	4.3	**9,865**	9,151
	Amortisation	5.1	**80**	80
	Legal and professional charges		**1,812**	3,220
	Repairs and maintenance		**14,194**	10,283
	Conveyance and travelling		**5,493**	7,064
	Office supplies		**600**	676
	Subscription		**1,878**	50
	Auditors' remuneration	26.2	**523**	523
	Communication		**2,934**	2,169
	Entertainment		**2,021**	312
	Provision against trade debts considered doubtful	9.2	**65,937**	-
	Others		**1,304**	1,102
			235,530	143,844

26.1 This includes a sum of Rs. 1.355 (2016: Rs.1.258) million in respect of staff retirement benefits.

		Note	June 30, 2017	June 30, 2016
			----- (Rupees in '000') -----	
26.2	**Auditors' remuneration**			
	Audit fee		**432**	432
	Out of pocket expenses		**91**	91
			523	523

		Note	June 30, 2017	June 30, 2016
27.	**DISTRIBUTION COSTS**			
	Salaries, wages and other benefits	27.1	**85,752**	71,561
	Conveyance and travelling		**6,858**	8,821
	Office supplies		**600**	338
	Repairs and maintenance		**36**	26
	Advertisement and promotion		**1,770**	1,826
	Communication		**169**	132
	Entertainment		**333**	51
	Utilities		**356**	309
	Others		**35**	30
			95,909	83,094

27.1 This includes a sum of Rs. 1.541 (2016: Rs. 1.430) million in respect of staff retirement benefits.

	June 30, 2017	June 30, 2016
	----- (Rupees in '000') -----	

28. OTHER INCOME

Income from financial assets		
Return on savings accounts	**1,461**	2,484
Income from non-financial assets		
Exchange gain - net	**4,245**	-
Other income	**264**	182
	5,970	2,666

29. FINANCE COSTS

Mark-up on:		
Short-term running finance	**12,462**	13,334
Short-term borrowing	**2,286**	1,456
Long-term loan	**4,844**	-
Leased assets	**322**	-
Bank charges and commission	**2,632**	1,912
	22,546	16,702

30. TAXATION

Current	**146,140**	127,604
Prior	**739**	-
Deferred	**4,954**	5,194
	151,833	132,798

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

The income tax assessments of the Company have been finalized up to and including the tax year 2016, except for tax year in respect of which, appeals are currently in progress at different forums (note 23.3 & 23.4).

31. EARNINGS PER SHARE - BASIC AND DILUTED

	June 30, 2017	**June 30, 2016**
Profit for the year - (Rupees in '000')	**313**	3,545
Weighted average number of shares	**38,772**	38,772
Earnings per share - (Rupees)	**0.01**	0.09

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

		June 30, 2017	June 30, 2016
		----- (Rupees in '000') -----	
32.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	**152,146**	136,343
	Adjustments for non - cash charges and other items:		
	Depreciation	**64,154**	49,486
	Amortization	**80**	80
	Provision against doubtful debts	**65,937**	-
	Unreaslised exchange gain	**(4,184)**	-
	Finance cost	**22,546**	16,702
	Working capital changes	**(95,634)**	(68,476)
		205,045	134,135
32.1	**Working capital changes**		
	Increase in current assets		
	Long term deposits	**(1,673)**	(3,454)
	Communication stores	**(50,022)**	(9,170)
	Trade debts	**(238,502)**	(168,806)
	Advances	**(212,383)**	(65,260)
	Deposits and prepayments	**(18,548)**	(11,484)
	Other receivables	**(1,284)**	(1,048)
		(522,412)	(259,222)
	Increase in current liabilities		
	Trade and other payables	**355,694**	226,398
	Advance from customers	**71,084**	(35,652)
		(95,634)	(68,476)

33. 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.

33.1 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.

33.1.1 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, 2017, the Company is exposed to such risk mainly in respect of return on saving accounts.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit by Rs. 2.591 million and a 1% decrease would result in an decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitive analysis.

33.1.2 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.

Management of the Company estimates that a 10% increase in the US$ exchange rate, with all other factors remaining constant, would increase the Company's profit by Rs.28.432 million and a 10% decrease would result in an decrease in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

33.1.3 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, 2017, the Company is not exposed to equity price risk.

33.2 Credit risk

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

	June 30, 2017	June 30, 2016
	----- (Rupees in '000') -----	
Trade debts	**1,106,899**	930,308
Advances	**262,071**	68,868
Deposits	**40,367**	41,768
Other receivables	**17,128**	15,844
Bank balances	**33,186**	15,768
	1,459,651	**1,072,556**

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

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

	June 30, 2017	June 30, 2016
	----- (Rupees in '000') -----	
Bank balances		
A1+	**30,524**	15,592
A-1+	**1,055**	-
A1	**227**	176
A-2	**1,380**	-
	33,186	15,768

Bonds

33.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to follow effective cash management and planning policy to ensure the availability of funds through committed credit facilities. At the date of statement of financial position the Company has unavailed credit facility of nil (2016: Rs. 23 million). The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	Rs. in '000'				
Long-term loan	-	-	15,625	109,375	125,000
Lease liability	-	292	1,542	3,041	4,875
Deferred liability	-	-	-	2,861	2,861
Trade and other payables	-	336,047	-	428,008	764,055
Accrued mark-up	-	5,800	-	-	5,800
Short-term running finance	139,972		-	-	139,972
Short-term borrowings	-	7,500	-	-	-
June 30, 2017	**139,972**	**349,639**	**17,167**	**543,285**	**1,042,563**
Deferred liability	-	-	-	3,319	3,319
Long-term deposits	2,957	-	-	5,914	8,871
Trade and other payables	1,785	599,950	99	99	601,933
Accrued mark-up	-	3,128	-	-	3,128
Short-term running finance	162,872	-	-	-	162,872
Short-term borrowings	-	13,000	17,000	-	30,000
June 30, 2016	167,614	616,078	17,099	9,332	810,123

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

33.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.5 Capital management

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

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

	June 30, 2017	June 30, 2016
	----- (Rupees in '000') -----	
Total debt	**277,347**	192,872
Less: Cash & cash equivalent	**(33,186)**	(15,768)
	244,161	177,104
Total equity	**788,545**	788,232
Total debt and equity	**1,032,706**	965,336
Gearing ratio	**23.64%**	18.35%

34. **REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES**

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

	Chief executive		Executives	
	2017	2016	2017	2016
	------------------------ (Rupees in '000') ------------------------			
Managerial remuneration	**8,800**	7,200	**93,736**	70,709
Medical	**67**	82	**1,575**	1,153
Perquisites and benefits	**5,739**	4,959	**82,052**	63,154
Leave passage	**733**	600	**6,688**	5,322
	15,339	12,841	**184,051**	140,338
Number of person	**1**	1	**76**	58

35. **TRANSACTIONS WITH RELATED PARTIES**

The related parties include a Holding Company, 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 34 to these financial statements are as under:

	June 30, 2017	June 30, 2016
	----- (Rupees in '000') -----	
Holding Company		
Telecard Limited		
Services rendered	**35**	8,608
Services received	**13,133**	3,198
Interoperator services cost	**205,130**	196,084
Advance repaid by the Holding Company	**50,661**	-
Advance given to the Holding Company	**217,661**	-
Payment made on behalf of the Company	-	9,160

Entities having directors in common with the Company

Telecard E- Solutions (Private) Limited		
Services received	**2,622**	2,658
Services rendered	**1,287**	1,379
Arfeen International (Private) Limited		
Services rendered	**835**	225
Envicrete Limited		
Services rendered	**85**	-

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

36. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	**June 30, 2017 (Un-audited)**	June 30, 2016 (Audited)
		-- (Rupees in '000') --	
Size of the fund - Total assets		**71,015**	56,271
Cost of the investment made		**57,863**	47,306
Fair value of investments	36.1	**59,523**	49,753
Percentage of investments made		**83.82%**	88.42%

36.1 48% (2016: 46%) of the total asset of the Fund is the share of employees of the Company.

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

		%		%
Bank balances/deposits	**34,697**	**58%**	29,044	58%
Mutual funds	**13,729**	**23%**	12,321	25%
National Saving Schemes	**11,097**	**19%**	8,388	17%
	59,523		49,753	

36.3 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

37. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 383 (2016: 354) and average number of employees during the year were 359 (2016: 333).

38. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, where necessary, for the purpose of better presentation, the effect of 'which is not material. No significant rearrangements or reclassifications were made in these financial statements except the following:

Description	Reclassified		2016
	From	To	Rs. in '000'
Long term Deposit	Deposits and prepayments	Long term deposits	21,803

39. DATE OF AUTHORIZATION

These financial statements were approved on 06 Oct 2017 by the board of directors of the Company.

40. GENERAL

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

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