SUPERNET

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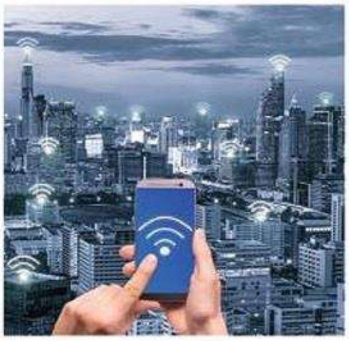
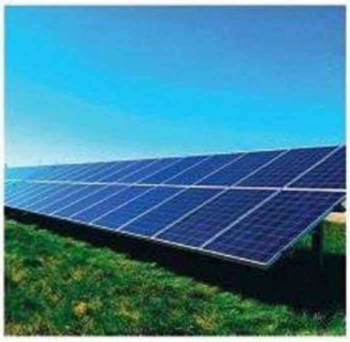

Annual Report June, 30

2024

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supersecure A SUPERNET COMPANY

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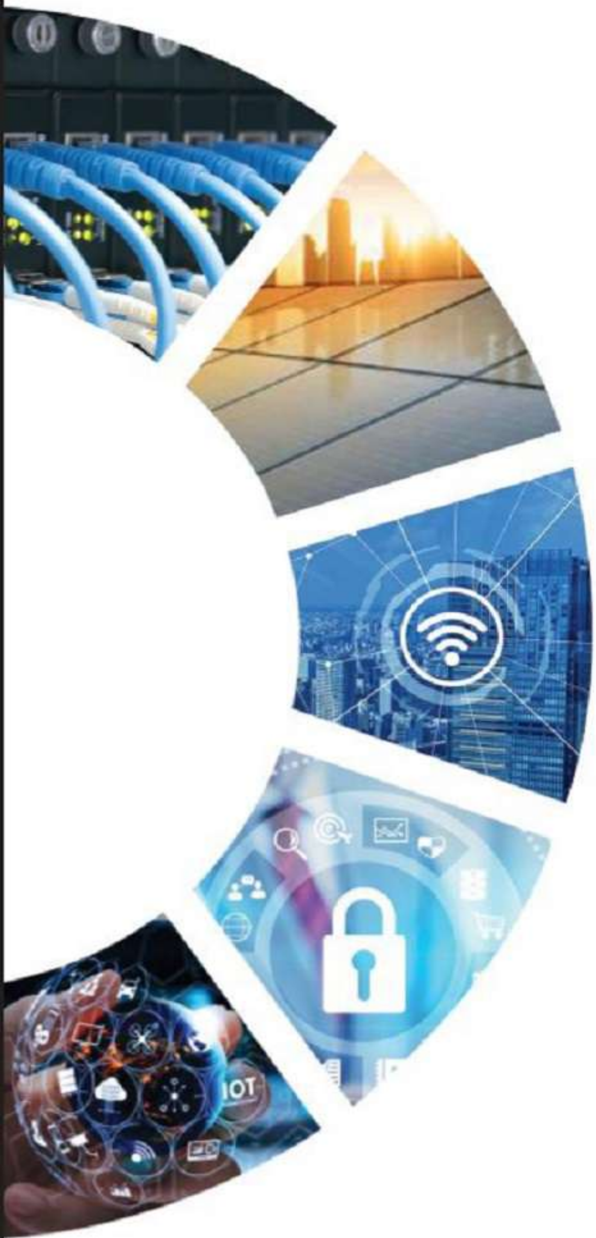
ABOUT SUPERNET



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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SUPERNET LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (**AGM**) of the Shareholders of Supernet Limited (the **Company**) will be held at the Crowne Plaza Hotel Blue Area Islamabad on Monday 28 October 2024 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

MINUTES OF ANNUAL GENERAL MEETING

1. To read and confirm the minutes of the AGM held on 27 October 2023.

ELECTION OF DIRECTORS:

2. To elect Directors of the Company for a term of three years commencing from 28 October 2024 in accordance with the provision of Section 159(1) of the Companies Act 2017.

a) Pursuant to Section 159(1) of the Companies Act 2017, the Board of Directors of the Company have fixed the number of Directors at seven (7).

b) Pursuant to Section 159(2)(b) of the Companies Act 2017 the names of the retiring Directors are as follows:

The retiring Directors, who are eligible for re-election, are:

- Mr. Syed Aamir Hussain
- Mr. Jamal Nasir Khan
- Mr. Waseem Ahmad
- Mr. Syed Hashim Ali
- Mr. Asad Mujtaba Naqvi
- Mr. Ahmer Qamar
- Ms. Naueen Ahmed

FINANCIAL STATEMENTS

3. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended 30 June 2024, together with the Reports of the Directors and Auditors thereon.

4. As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated 21 March 2023, the Annual Report including Financial Statements of the Company has been transmitted to the Shareholders and uploaded on the website of the Company which can be viewed using the following link and QR enable code:

https://super.net.pk/financial-statements.php

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APPOINTMENT OF AUDITORS

5. To appoint external auditors of the Company for the year ending 30 June 2025 and fix their remuneration present Auditor M/s Parker Russell – A.J.S. Chartered Accountants are retiring and being eligible offer themselves for re appointment.

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

By the order of the Board

Dated: 07 October 2024
At Islamabad

Waseem Ahmad
Director & Company Secretary

Notes:

i. CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Book of the Company will remain closed from 22 October 2024 to 28 October 2024 (both days inclusive). Transfers received in order at the office of Jwaffs Registrar Services Pvt. Ltd. 407 – 408, 4th floor Al Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business on 21 October 2024 will be treated as being in time for purpose to attend the vote at meeting.

ii. ATTENDING AGM AND APPOINTMENT OF PROXY

A. A Member entitled to attend, speak and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.

B. An instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of Proxy can be downloaded from Company's website: https://super.net.pk/investor-relations.php

C. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

i) For Attending AGM

a) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall produce proof of his / her identity by showing their Computerized National Identity Card (CNIC) at the time of attending the meeting.

b) In case of a corporate entity, a Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

ii) For Appointing Proxy

a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per CDC regulations shall submit the Proxy Form as per the above requirement.

b) Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the Proxy Form. The proxy shall produce his original CNIC at the time of the meeting.

iii. ELECTION OF DIRECTORS

Any person who seeks to contest election to the office of Director must be a member of the Company at the time of filing of his/her consent for contesting Election of Directors except a person representing a member, which is not a natural person. Such person shall, whether he/she is a retiring Director or otherwise, file with the Company following documents at the corporate office/Registrar of the Company, not later than fourteen (14) days before the date of the Meeting.

- A notice of his/her intention to offer himself/herself for the Election of Directors under section 159(3) of the Companies Act, 2017;
- Consent to act as a Director in appendix to Form – 9 under section 167 of the Companies Act, 2017;
- Detailed profile along with his/her office address as required under SRO 1196(I) / 2019 dated 03 October 2019 of SECP;
- Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and that he/she is not ineligible, as set out in Section 153 of the Companies Act, 2017, to act as a Director or an Independent Director of a listed Company;
- Independent Director(s) shall meet the criteria laid down in Section 166 of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Accordingly, the following additional documents are to be submitted by the candidates intending to contest election of Directors as an Independent Director: Declaration by Independent Director under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Undertaking on non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

The list of contesting Directors will be circulated not later than seven (7) days before the date of the Meeting, in terms of Section 159(4). Further, website of the Company will also be updated with the relevant information.

iv. VIDEO CONFERENCE FACILITY

In pursuance to Section 134 of Companies Act, 2017 and Circular no. 10 of 2014 dated 21 May 2014 issued by SECP, if the Company receives consent from members holding in aggregate ten percent (10%) or more shareholding residing at geographical location, to participate in the Meeting through video conference at least seven (7) days prior to the date of Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least five (5) days before the Meeting along with complete information necessary to enable them to access such facility. In order to avail this facility, please submit the following information at the corporate office of the Company at least seven (7) days before the date of meeting.

"I/We, _________of _____________ being a member of Supernet Limited holder of ________Ordinary Share(s) as per Register Folio No./ CDC Account No. ___________ hereby opt for video conference facility at (Please insert name of the City).

____
Signature of member"

v. ELECTRONIC VOTING AND VOTING THROUGH POSTAL BALLOT ON ELECTION OF DIRECTORS

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 05 December 2022, issued by the SECP, SECP has directed all listed companies to provide the members with the right to vote through electronic voting facility and by postal ballot in case of election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Act.

Accordingly, members of the Company will be allowed to exercise their right to vote through electronic voting facility for the Election of Directors if the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Act in the forthcoming AGM to be held on Monday 28 October 2024 at 11:00 a.m. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

The voting facility through Postal Ballot will be provided for special business and election of Director if the poll is demanded in accordance with Section the 143 and 144 of the Companies Act, 2017 and the Ballot Paper will be disseminated in accordance with the Regulation No. 08 of Companies (Postal Ballot) Regulations, 2018 amended through Notification dated 05 December 2022.

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 21 October 2024.

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 web portal through the e-voting service provider.

c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

d) E-voting lines will start from 25 October 2024 at 09:00 a.m. and shall close on 27 October 2024 at 5:00 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.

STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT 2017

Section 166(3) of the Companies Act, 2017 (the Act) requires that a statement of material facts be annexed to the notice of the general meeting called for the purpose of Election of Directors which shall indicate the justification for choosing independent directors.

The term of office of the present Directors of the Company will be expired on 27 October 2024. In terms of Section 159(1) of the Companies Act, 2017 (the “Act”), the directors have fixed the number of elected Directors at Seven (07) to be elected in the AGM for a period of three years.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Independent directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria as laid down under Section 166(2) of the Act and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 and his/her name is included in the data bank of independent directors maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP. Further, their selection will be made due to their respective competencies, skill, knowledge and experience.

Additional documents are to be submitted by the candidates intending to contest election of directors as independent director:

a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019; and

b) Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulation 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Chairman's Review Report

Introduction

The Chairman bears the primary responsibility for the leadership and effectiveness of the Board. We are committed to maintaining high standards of corporate governance to serve the Company's interests and those of all stakeholders. My fellow Directors and I fully recognize the importance of robust governance to the Company's operations, and in particular, to the Board's effectiveness and risk management across the group.

Financial Performance

I am pleased to report on the performance of Supernet Limited (the Company) and its subsidiaries (the Group) for the financial year ending 30 June 2024. Despite competitive pressures within the technology industry, the Company's revenue for this period reached Rs. 7.369 billion, compared to Rs. 3.428 billion in the prior year. This revenue increase is largely attributable to higher margins in beyond-connectivity services.

On a consolidated basis, the Group reported revenue of Rs. 8.502 billion, up from Rs. 3.920 billion in the preceding financial year. Operating profit was recorded at Rs. 517 million, an increase from Rs. 325 million for the comparable period.

Composition of the Board

The Board is composed of members with a wealth of experience across business, finance, and compliance, bringing diverse expertise to the Company. The Board is responsible for setting the Company's strategic direction, with diligent execution managed by the Company's leadership.

Board Committees

The Board operates with the support of its committees. The Audit Committee reviews the financial statements to ensure that the accounts reflect the Company's financial position accurately. The Human Resource Committee oversees HR policies, their implementation, and critical areas such as succession planning.

Financial Reporting

The Board remains committed to providing a fair, balanced, and transparent assessment of the Company's financial position and outlook. The Group follows a structured consolidation process and well-defined financial and operational procedure manuals to maintain consistency in reporting. The management also stays informed of new reporting standards, working closely with statutory auditors to assess their impact.

Internal Control

The Board of Directors holds ultimate responsibility for the Group's internal control system, which aims to provide a reasonable—though not absolute—assurance of the accuracy and reliability of the Company's financial records. This control system is structured around Financial Reporting, Operating Controls, Treasury, Internal Audit, and Employee Integrity.

Going Concern

When approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have sufficient resources to continue operations for at least 12 months from the statement's approval date. Thus, the going concern basis of accounting has been adopted in preparing these financial statements.

Syed Aamir Hussain
Chairman

07 October 2024

SUPERNET LIMITED
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Directors' Report

The Board of Directors of **Supernet Limited** 'the Company' are pleased to present the Financial Statements and review of your Company's performance for the year ended 30 June 2024.

Industry Review and Outlook

Pakistan Digital growth is evolving at rapid rate the IT Sector demonstrated remarkable growth and resilience during the fiscal year 2024 contributing significantly to the Pakistan economy the sector achieved a trade surplus of US$ 1.9 billion, the highest among all services, surpassing previous year's record of US$1.7 billion. This achievement was fueled by a surge in ICT export receipts which increased by 17.4% to US$ 2.2 billion. According to Pakistan vision 2025 and Pakistan's Digital Policy 2018, the ICT Industry is expected to be worth US$ 20 billion by 2025.

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.

Financial Performance

	Standalone (Rs. In Million)		**Consolidated (Rs. In Million)**	
	FY 23-24	FY 22-23	FY 23-24	FY 22-23
Revenue	7,369	3,428	8,502	3,920
Gross profit	1,073	848	1,402	1,128
EBITDA	557	416	677	471
Net Profit	156	51	241	188
EBITDA Per Share (Rs.)	4.51	3.37	5.48	3.81
EPS (Rs.)	1.26	0.41	1.93	1.50

The Company on a consolidated basis marked a significant revenue growth of Rs. 8.502 billion against a revenue of Rs. 3.920 billion for the preceding financial year which translated into a surge of 117% of topline revenue. The Company improved the gross profit percentage @ 24% 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. 241 million as against a profit of Rs. 188 million during the corresponding financial year. The earning per share stood at Rs. 1.93 compared to a profit per share of Rs. 1.50 in preceding twelve months.

On a standalone basis the revenue for the period ended 30 June 2024 was Rs. 7.369 billion as against the revenue of Rs. 3.428 billion for the corresponding financial year. The Company was able to better manage the gross profit by increasing it from Rs. 848 million to Rs. 1.073 billion owing to strong revenue growth. The Company posted profit after taxation of Rs. 156 million a substantial increase from the preceding year's profit of Rs. 51 million. Earnings per share improved to Rs. 1.26 as compared to Rs. 0.41 for the corresponding financial year.

Business Development Opportunities

This year, the Company achieved impressive growth across multiple business domains, with its connectivity segment's portfolio of recurring contracts expanding by a robust double-digit percentage. This upward trend solidifies a strong, sustainable revenue base for the Company. Additionally, the Company's one-time contracts in high-demand areas—Cyber Security, IT Infrastructure, and Power—surged to new revenue peaks. Major contributions to this growth came from sectors such as Banking, Oil & Gas, Mobile Network Operators, Defense, and other prominent domestic industries.

A noteworthy development is the Company's Group's success in securing long-term, recurring contracts for Cyber Security and IT Infrastructure services, with agreements spanning 3 to 5 years. This pattern not only ensures consistent revenue streams but also reflects increased client trust and commitment. Additionally, the Company has strategically positioned its high-margin E Solutions portfolio, offering these recurring solutions to its established customer base as well as targeting similar new markets domestically and internationally. This approach is expected to drive substantial growth in new, high-potential segments.

Future Outlook - Challenges and Way Forward

The Company is pleased to report that it has been awarded **Fixed Local Loop** (FLL) Licenses by the **Pakistan Telecommunication Authority** (PTA) for a period of 20 years. The FLL licenses covers all 14 Telecom Regions across Pakistan and are superior to its previously held **Class Value Added Services** (CVAS) license. The CVAS license has been replaced by the FLL licenses.

The Company under the terms of its FLL Licenses will have additional rights in terms of ability to deploy its own infrastructure and provide additional services to its customers. This is likely to result in increased revenues and higher margins for the Company.

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.

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 the Company 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.

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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 2024 is Rs. 72 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 Director meetings were 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

During the year, four (4) Board Audit Committee meetings were 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.

During the year, one (1) Human Resource and Remuneration Committee meeting was held and attended as follows:

Name of Directors	No. of meeting attended
Mr. Asad Mujtaba Naqvi	1
Mr. Jamal Nasir Khan	1
Mr. Ahmer Qamar	1

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 2024 are annexed.

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Auditors

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

Dividends

The Company has not declared any dividend.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2024 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

SUPERNET LIMITED
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Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

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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, 2024, 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, 2024.

Further, we draw attention to paras 18 and 19 of Statement of Compliance which explains the reasons of non-compliance with the requirements of certain clauses of the Regulations.

Parker Russell AJS

(Chartered Accountants)
Place: Karachi
Date: October 9, 2024

UDIN: CR2024101928UjovZXk7

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

SUPERNET LIMITED
FOR THE YEAR ENDED JUNE 30, 2024

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

1. The total numbers of directors are Seven (7) as per the following combination:

a) Male: 06
b) Female: 01

2. The composition of the Board is as follows:

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

* It is mandatory that each listed company shall have at least two or one third members of the Board, which ever is higher, as independent Director. Efforts are underway to increase the number of Independent Directors in the upcoming Elections scheduled for 28 October 2024.

**It is mandatory that Executive Directors, including 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. However, an addition of Independent Director in the forthcoming election will address the ratio prescribed by 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 vision and mission statements, overall corporate strategy, and significant policies of the Company. The Board has ensured that complete record of particulars of 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 the 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 the Act and these Regulations, with respect to frequency, recording, and circulating minutes of the meeting of the Board;

8. The Board of Directors has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations;

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

Name of Directors	Designation
Mr. Syed Aamir Hussain	Non-Executive Director
Ms. Naueen Ahmed	Non-Executive Female Director

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

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 / Member
Mr. Ahmer Qamar	Non-Executive Director	Member
Ms. Syed Aamir Hussain	Non-Executive Director	Member

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

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

14. The frequency of quarterly 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 ICAP and registered with the Audit Oversight Board of Pakistan, that they and their partners are in compliance with the 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 (spouses, parent dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and 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. However, on regulations 6 and 8 following are the explanations;

Requirement	Explanation	Regulation
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	Company is holding elections in the upcoming AGM whereby the requirements with regulations will be complied.	6
It is mandatory that executive directors including chief executive officer shall not be more than one third of the Board	Company is holding elections in the upcoming AGM whereby the requirements with regulations will be complied.	8

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Requirement	Explanation	Regulation
The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee. The Board may establish the aforesaid committees, if required in the future.	29
The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Audit Committee. The Board may establish the aforesaid committees, if required in the future.	30

It is encouraged that all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	During the year 02 (two) Board Members acquired Directors' Training Certification. However, the training of the remaining Directors shall be planned in the ensuing year.	19
In order to effectively discharge its sustainability related duties, the board may establish a dedicated sustainability committee having at least one female director, or assign additional responsibilities to an existing board committee. The committee shall monitor and review sustainability related risks and opportunities of the company, ensure DE&I practices are in effect at various board committees, oversee compliance of relevant laws pertaining to relevant sustainability related considerations and its appropriate disclosures. The committee shall submit to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	At present the Board provides governance and oversight in relation to the Company's initiative on Environmental, Social and Governance (ESG) matters and DE&I practice. Nevertheless, the requirements introduced recently by SECP through notification dated 12 June 2024 will be complied with in due course.	10A

Mr. Jamal Nasir Khan
Chief Executive Officer & Director

Syed Aamir Hussain
Chairman & Director

At Karachi
Dated: 07 October 2024

SUPERNET LIMITED
Karachi: 10th Floor, World Trade Center, 10 Khayaban-e-Roomi, Block 5, Clifton. Tel: (+92-21) 3587 1864-7, Fax: (+92-21) 35871869
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SUPERNET LIMITED SIX YEAR FINANCIAL SUMMARY (FINANCIAL ANALYSIS)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Revenue	7,369	3,428	2,837	2,469	2,559	2,866
Direct costs	(6,296)	(2,580)	(1,998)	(1,807)	(1,948)	(2,347)
Gross profit	**1,073**	**848**	**839**	**662**	**610**	**519**
Gross Profit %	*15%*	*25%*	*30%*	*27%*	*24%*	*18%*
G&A	(638)	(577)	(457)	(407)	(345)	(390)
Other income / (expenses)	(36)	(103)	(74)	75	(9)	176
	(674)	(680)	(531)	(332)	(354)	(213)
Operating profit	**399**	**168**	**309**	**330**	**256**	**306**
Operating Profit %	*5%*	*5%*	*11%*	*13%*	*10%*	*11%*
Finance costs	(46)	-35	(26)	(25)	(37)	(34)
Profit / (loss) before taxation	**353**	**133**	**283**	**305**	**219**	**272**
Taxation	(197)	-82	(95)	(102)	(199)	(232)
Net Profit / (loss) for the period	**156**	**51**	**188**	**203**	**21**	**40**
EBITDA	**557**	**416**	**577**	**467**	**370**	**415**
EBITDA%	*8%*	*12%*	*20%*	*19%*	*14%*	*14%*

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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, 2024, 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 material 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, 2024 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. 8,502.287 million during the year ended June 30, 2024. The Group provides data networking and support services, sale of equipment's and licenses and undertakes 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 unconsolidated and 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 9, 2024
Karachi.

UDIN: AR202410192IHDAeOfQ0

Supernet Limited
Consolidated Statement of Financial Position
As at June 30, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000') ----	
Assets			
Non-current assets			
Property and equipment	4	452,816	363,097
Intangible assets	5	2,175	2,465
Right of use assets	6	5,954	8,267
Long-term deposits	7	7,669	95
Deferred taxation	8	53,661	68,108
		522,275	442,032
Current assets			
Inventory	9	237,215	496,357
Trade debts	10	1,497,493	1,778,654
Advances, deposits and prepayments	11	1,134,611	1,032,609
Other receivables	12	661,939	242,700
Taxation - net		76,047	111,997
Cash and bank balances	13	684,003	185,041
		4,291,308	3,847,358
Total assets		4,813,583	4,289,390

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, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000') ----	
Equity and liabilities			
Share capital and reserves			
Authorized share capital 150,000,000 (2023: 150,000,000) ordinary shares of Rs.10/- each	14.1	1,500,000	1,500,000
Issued, subscribed and paid-up share capital	14.2	1,234,444	1,234,444
Foreign currency translation reserve		94,553	104,314
Unappropriated profit		864,837	626,028
Share premium		33,436	33,436
Capital and reserves attributable to the owners of the Holding Company		2,227,270	1,998,222
Non-controlling interest		7,999	5,519
Total shareholders equity		2,235,269	2,003,741
Non-current liabilities			
Lease liabilities	15	6,155	8,081
Deferred liability	16	2,773	2,173
		8,928	10,254
Current liabilities			
Trade and other payables	17	2,408,068	2,121,941
Accrued mark-up	18	8,316	5,968
Contractual liability to customer		8,872	8,872
Current portion of lease liabilities and short-term financing	19	144,130	138,614
		2,569,386	2,275,395
Contingencies & commitments	20		
Total equity and liabilities		4,813,583	4,289,390

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, 2024

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000') ----	
			Restated
Revenue - net	21	8,502,287	3,919,991
Cost of services	22	(7,100,668)	(2,791,861)
Gross profit		1,401,619	1,128,130
Administrative & other expenses	23	(640,634)	(513,144)
Distribution costs	24	(225,208)	(203,663)
Exchange loss		(44,948)	(111,044)
Other income	25	26,546	24,680
		(884,244)	(803,171)
Operating profit		517,375	324,959
Finance costs	26	(51,318)	(43,573)
Profit before taxation and levy		466,057	281,386
Levy	27.1	(79,156)	(66,419)
Profit before taxation		386,901	214,967
Taxation	27.2	(145,612)	(26,645)
Profit after taxation		241,289	188,322
Profit attributable to:			
Owners of the Holding Company		238,809	185,514
Non-controlling interest		2,480	2,808
		241,289	188,322
		-------Amount in Rupees-----	
Earnings per share			
Basic and diluted	28	1.93	1.50

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 Comprehensive Income
For the year ended June 30, 2024

	June 30, 2024	June 30, 2023
	--- (Rupees in '000') ---	
		Restated
Profit after taxation	241,289	188,322
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign subsidiary	(9,761)	78,185
Total comprehensive income for the year	231,528	266,507
Total comprehensive income attributable to:		
Owners of the Holding Company	229,048	263,699
Non-controlling interest	2,480	2,808
	231,528	266,507

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, 2024

	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 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**
Profit for the year	-	-	238,809	-	2,480	241,289
Other comprehensive income	-	-	-	(9,761)	-	(9,761)
	-		238,809	(9,761)	2,480	231,528
Balance as at June 30, 2024	**1,234,444**	**33,436**	**864,837**	**94,553**	**7,999**	**2,235,269**

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, 2024

	Note	June 30, 2024	June 30, 2023
		--- (Rupees in '000') ---	
			Restated
Cash flows from operating activities			
Cash generated from operations	29	937,351	180,613
Income tax paid		(174,371)	(127,068)
Finance cost paid		(33,097)	(29,402)
Gratuity paid		-	(749)
Net cash generated from operating activities		729,883	23,394
Cash flows from investing activities			
Purchase of property and equipment		(246,264)	(130,483)
Proceeds from maturity of short term investments		-	125,000
Income received on saving account		23,885	20,730
Net cash (used in) / **generated from investing activities**		(222,379)	15,247
Cash flows from financing activities			
Payment of long-term financing		-	(23,438)
Lease rentals paid		(4,386)	(4,975)
Effect of transalation of investment in foreign subsidiary		(9,761)	78,185
Net cash (used in) / **generated from financial activities**		(14,147)	49,772
Net increase in cash and cash equivalents		493,357	88,413
Cash and cash equivalents at the beginning of the year		50,757	(37,656)
Cash and cash equivalents at the end of the year	35	544,114	50,757

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

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

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

* Supernet Limited - Holding Company
* Supernet E-Solution (Private) Limited
* Supernet Secure Solution (Private) Limited
* Phoenix Global FZE
* Supernet Infrastraucture Solutions (Private) Limited

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 got listed on the Pakistan Stock Exchange on the GEM Board on May 10, 2022, the company is owned by Telecard Limited, which is 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 Group 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 Company has also been licensed to sell photovaltic equipments and is also registered with the Ministry of Enery (Power Division) Alternate Energy Development Board (AEDB).

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) Limited.

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

Phoenix Global FZE, is a subsidiary based in United Arab Emirates (UAE). Its principle business is provision of telecommunication services and sale 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 Changes in accounting standards, interpretations and amendments to accounting and reporting standards

2.4.1 Amendments to accounting and reporting standards and interpretation / guidance which became effective during the year ended June 30, 2024

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income Tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	"Rs in '000'		
Effect on the statement of profit or loss			
For the year ended June 30, 2024			
Profit before tax	466,057	(79,156)	386,901
Taxation	(224,768)	79,156	(145,612)
Profit after tax	241,289	-	241,289
For the year ended June 30, 2023			
Profit before tax	281,386	(66,419)	214,967
Taxation	(93,064)	66,419	(26,645)
Profit after tax	188,322	-	188,322

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax and earnings per share, basic and diluted.

2.4.2 New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after July 1, 2024. The new standards include IFRS 18 'Presentation and Disclosure in Financial Statements' and IFRS 19 'Subsidiaries without Public Accountability Disclosures' both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

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 recognised in the period in which the estimate is revised and in any future periods affected.

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

	Note
Determining the residual values and useful lives of 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, 10 & 12
Recognition of tax and deferred tax	3.15, 8 & 27
Other provisions and contingent liabilities	3.11 & 20
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14 & 15
Determining the useful lives and carrying value of ROU assets	3.3 & 6

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 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 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.

3.1.2 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 date.

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

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

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

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 Inventory

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

These are stated at cost less estimates made for any doubtful receivables based on the review of all outstanding amounts at the reporting date. Balances considered doubtful and irrecoverable are written off when identified.

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 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 principal 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.

The group consider a default when the trade receivable are past due by over two years.

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 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 - levy and income tax

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

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 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 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 term of engagements.

Transactions with other related parties are entered into at rates negotiated with them (agreed terms).

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Following are the related parties of the group:

Name of related party	Basis of relationship	% of share holding
Telecard Limited	Parent Company	30.185%
Hallmark Limited	Substantial Shareholder	51.000%
Supernet E-Solutions (Private) Limited	Wholly Owned Subsidiary	100.00%
Supernet Secure Solutions (Private) Limited	Subsidiary Company	80.00%
Phoenix Global FZE	Wholly Owned Subsidiary	100.00%
Supernet Infrastructure Solutions (Private) Limited	Wholly Owned Subsidiary	100.00%
Mr. Shams ul Arfeen	Key management personnel	-
Mr. Syed Hashim Ali	Key management personnel & Director	0.00045%
Mr. Waseem Ahmad	Key management personnel & Director	0.00045%
Ms. Naueen Ahmed	Key management personnel	0.00089%
Mr. Jamal Nasir Khan	Key management personnel & CEO	0.00089%
Syed Imran Hyder Jafri	Key management personnel	-
Mr. Syed Aamir Hussain	Key management personnel	0.00045%
Mr. Asad Mujtaba Naqvi	Key management personnel	0.00045%
Mr. Ahmer Qamar	Key management personnel	0.00089%

	Note	June 30, 2024	June 30, 2023
		------- (Rupees in '000') -------	

4. PROPERTY AND EQUIPMENT

	Note	June 30, 2024	June 30, 2023
Operating fixed assets	4.1	452,816	363,097

4.1 Operating fixed assets

	Cost			Accumulated depreciation				
	As at July 01, 2023	**Additions**	**As at June 30, 2024**	**As at July 01, 2023**	**Charge for the year**	**As at June 30, 2024**	**WDV as at June 30, 2024**	**Depreciation rate per annum %**
	(Rupees in '000')							
Owned assets								
Leasehold improvements	36,180	1,803	37,983	36,091	251	36,342	1,641	20
Communication equipments	2,178,699	234,114	2,412,813	1,834,608	147,222	1,981,830	430,983	20
Furniture, fixtures and office equipments	57,895	566	58,461	49,512	2,911	52,423	6,038	10
Computers and accessories	79,676	9,781	89,457	69,906	5,759	75,665	13,792	33
Motor vehicles	14,604	-	14,604	13,840	402	14,242	362	20
	2,367,054	246,264	2,613,318	2,003,957	156,545	2,160,502	452,816	

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

	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	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	

4.2 Equipment, costing Rs. 1,564.640 million (2023: Rs. 1,362.140 million), having a net book value of Rs. 394.564 million (2023: Rs. 272.710 million) are in the possession of the customers of the Company in the ordinary course of business.

4.3 Depreciation for the period has been allocated as follows:

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000')	
Cost of services	22	147,091	131,894
Administrative & other expenses	23	9,454	8,835
		156,545	140,729

4.4 The cost of fully depreciated assets as at June 30, 2024 is Rs. 1,788.55 million (2023: Rs.1,698.60 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 flats 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 Tower-B, 10 Khayaban-E-Roomi, Block-5, KDA Scheme No. 5, Clifton, Karachi.

5. INTANGIBLE ASSETS

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000')	
Computer software		288	578
Goodwill		1,887	1,887
	5.1	2,175	2,465

5.1 Computer software

	Cost			Accumulated amortisation				
	As at July 01, 2023	Additions	As at June 30, 2024	As at July 01, 2023	Charge for the year	As at June 30, 2024	WDV as at June 30, 2024	Amortisation rate per annum %
	(Rupees in '000')							
Computer software	41,224	-	41,224	40,646	290	40,936	288	20
Goodwill	1,887	-	1,887	-	-	-	1,887	
	43,111	-	43,111	40,646	290	40,936	2,175	

	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	

		Note	June 30, 2024	June 30, 2023
			----- (Rupees in '000') ----	
6.	**RIGHT-OF-USE ASSETS**			
	Opening cost		19,649	8,823
	Increase in cost on modification of lease term		-	10,826
			19,649	19,649
	Accumulated depreciation		(13,695)	(11,382)
	Closing net book value	6.1	5,954	8,267
6.1	**Movement during the year**			
	Opening net book value before reassessment of lease		8,267	2,067
	Increase in cost on modification of lease term		-	10,826
	Depreciation for the year		(2,313)	(4,626)
	Closing net book value		5,954	8,267
7.	**LONG-TERM DEPOSITS**			
	Security deposits - considered good	7.1	7,669	95

7.1 During the year, the Holding Company has made advance deposit amounting to Rs. 7.547 million towards one of the vendor for the satellite security deposit.

		Note	June 30, 2024	June 30, 2023
			------- (Rupees in '000') ------	
8.	**DEFERRED TAXATION**			
	Deductible temporary differences			
	Accelerated accounting depreciation		23,883	35,571
	Deferred liability - staff gratuity		598	630
	Doubtful debts and other provision		24,642	28,128
	Lease liabilities		3,276	3,599
	On brought forward tax losses		-	4,483
	Others		1,966	-
			54,365	72,411
	Taxable temporary differences			
	Right of use assets		(1,284)	(2,397)
	Exchange differences		580	(1,906)
			(704)	(4,303)
			53,661	68,108
9.	**INVENTORY**			
	Equipment & consumables		256,591	224,434
	Provision against slow moving stock	9.1	(19,376)	(19,376)
			237,215	205,058
	Stock in transit		-	291,299
			237,215	496,357

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
9.1	**Provision against slow moving stores**			
	Opening balance		19,376	16,875
	Charge for the year		-	2,501
	Closing balance		19,376	19,376
10.	**TRADE DEBTS**			
	Unsecured-considered good			
	Related party - Holding Company		74,589	74,589
	Others		1,422,904	1,704,065
			1,497,493	1,778,654
	Considered doubtful trade debts		84,308	76,403
	Loss allowance for ECLs	10.2	(84,308)	(76,403)
			-	-
			1,497,493	1,778,654

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

	June 30, 2024	June 30, 2023
	---- (Rupees in '000') -----	
Holding Company	74,589	84,628

10.2 **Loss allowance for ECLs**

Opening balance	76,403	68,237
Loss allowance made during the year	80,480	78,193
Provisions written off	(72,575)	(70,027)
	84,308	76,403

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

	Total	Neither past due nor impaired	Past dues but not impaired: > 1 month up to 3 months	Past dues but not impaired: > three months up to one year	Past dues but not impaired: Above one year
	-------------------------Rupees '000'------------------------				
Holding Company	74,589	-	-	-	74,589
Others	1,422,904	200,410	406,334	404,004	412,156
June 30, 2024	1,497,493	200,410	406,334	404,004	486,745
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

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
11.	ADVANCES, DEPOSITS AND PREPAYMENTS			
	Advances - considered good, unsecured			
	Employees - against expenses and projects		33,683	34,217
	Advances for acquisition		-	19,749
	Suppliers	11.1	759,919	769,591
			793,602	823,557
	Deposits - considered good			
	Earnest money		68,378	41,003
	Margin against guarantee		260,357	109,577
	Others		11,558	55,866
			340,293	206,446
	Deposits - considered doubtful		2,441	2,441
	Loss allowance against deposits considered doubtful		(2,441)	(2,441)
			-	-
			340,293	206,446
	Prepayments			
	Rent		-	1,835
	Others		716	771
			716	2,606
			1,134,611	1,032,609

11.1 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.

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
12.	OTHER RECEIVABLES			
	Considered good			
	Current account with related parties	12.1	544,218	214,949
	Insurance claim		5,547	5,280
	Income tax refundable		-	2,991
	Accrued mark-up from third party		-	2,216
	Others		112,174	17,264
			661,939	242,700
12.1	**Current account with related parties**			
	Telecard Limited - Holding Company		243,026	214,949
	Hallmark Limited		301,192	-
		12.1.1	544,218	214,949

12.1.1 This represents amount due by related parties against current account balance which is recoverable on demand and is non-interest bearing.

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

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
13.	**CASH AND BANK BALANCES**			
	Cash in hand		55	119
	In current accounts			
	Local currency		327,410	34,171
	Foreign currency		333,786	136,606
			661,196	170,777
	In saving account			
	Local currency	13.1	22,752	14,145
			684,003	185,041

13.1 This carries mark-up at the rate, ranging between 7.62% to 18.28% (June 30, 2023: 5.63% to 11.64%) per annum.

		June 30, 2024	June 30, 2023
		---- (Rupees in '000') -----	
14.	**SHARE CAPITAL AND RESERVES**		
14.1	**AUTHORIZED SHARE CAPITAL**		
	150,000,000 ordinary shares of Rs.10 each	1,500,000	1,500,000
14.2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	123,444,444 (June 30, 2023: 112,222,222 of Rs 10 each) ordinary shares of Rs.10/- each as follows		
	45,772,610 (June 30, 2023: 45,772,610) allotted as fully paid in cash	457,726	457,726
	77,671,810 (June 30, 2023: 77,671,810) allotted as bonus shares	776,718	776,718
		1,234,444	1,234,444

14.2.1 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.

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
15.	**LEASE LIABILITIES**			
	Lease liabilities		10,396	616
	Increase in lease liabilities on modification of lease term		-	11,795
	Lease liabilities against ROU assets		10,396	12,411
	Current portion of lease liabilities	19	(4,241)	(4,330)
			6,155	8,081

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
15.1	**Reconciliation of the carrying amount is as follows:**			
	As at July 01		12,411	3,145
	Increase in lease liabilities on modification of lease term		-	11,795
	Accretion of interest		2,371	2,446
	Lease rental payments made during the year		(4,386)	(4,975)
	Lease liability as at June 30		10,396	12,411
	Current portion of lease liabilities		(4,241)	(4,330)
	Long-term lease liabilities as at June 30		6,155	8,081
15.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		4,241	4,330
	Later than one year but not later than five years		6,155	12,197
			10,396	16,527
	Future finance charge		(4,241)	(4,116)
	Present value of finance lease liabilities		6,155	12,411
16.	**DEFERRED LIABILITY**			
	Staff gratuity	16.1	2,773	2,173
16.1	**Reconciliation of the carrying amount of staff gratuity:**			
	Opening balance		2,173	2,436
	Charged for the year		600	486
	Payments during the year		-	(749)
			2,773	2,173
17.	**TRADE AND OTHER PAYABLES**			
	Trade creditors, unsecured			
	Creditors		1,974,327	1,965,735
	Other payables			
	Accrued liabilities		93,154	38,400
	Provision against compensated absences		3,580	2,056
	CVAS fee to Pakistan Telecommunication Authority		5,186	10,011
	Workers' welfare fund payable		2,790	127
	Payable to employees' provident fund		2,782	2,782
	Others		326,249	102,830
			433,741	156,206
			2,408,068	2,121,941
18.	**ACCRUED MARK-UP**			
	On secured			
	On short-term financing		8,316	5,753
	Employees' provident fund		-	215
			8,316	5,968

		Note	June 30, 2024	June 30, 2023
			---- (Rupees in '000') -----	
19.	CURRENT			
	Running finance from bank – secured	19.1	139,889	134,284
	Current maturity of finance lease obligation	15	4,241	4,330
			144,130	138,614

19.1 This represents finance facility of Rs. 150 million (2023: 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, 2023: 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. 10.69 million (2023: Rs 65.72 million).

20. CONTINGENCIES & COMMITMENTS

20.1 The Holding Company entered into a Master Services Agreement (MSA) with Intelsat Corporation in 2011, and various Service Orders with Intelsat Corporation and its affiliates (Intelsat), the last of which was amended in 2018. In 2020, the Holding Company was already in discussion with Intelsat regarding a number of issues, including that it was unable to sell a certain portion of satellite capacity onwards to its customers and utilize the certain capacity purchased for the dedicated purpose due to the fact that, amongst other things, the licenses required by the Holding Company's customers had been delayed by the Government of Pakistan. The said unsold and unusable capacity that the Holding Company was forced to pay for, along with the artificially high rates charged by Intelsat were not in line with the market and was causing loss of business and profitability for the Holding 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 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 unconsolidated 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.

20.2 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.

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

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

20.5 The Holding Company has committed to deposit an amount of Rs. nil million (June 30, 2023: 37.876) in terms of security deposit to its satellite bandwidth vendor.

20.6 Letters of guarantee, amounting to Rs.130.652 million (2023: Rs. 116.073 million), have been issued by commercial banks on behalf of the Holding Company.

		Note	June 30, 2024	June 30, 2023
			----- (Rupees in '000') -----	
21.	**REVENUE - NET**			
	Revenue from contracts with customers			
	Data networking		3,582,969	2,619,808
	Sale of equipment, stores, licenses		4,881,368	1,246,264
	Revenue from turnkey projects		37,950	53,919
			8,502,287	3,919,991
22.	**COST OF SERVICES**			
	Salaries and other benefits	22.1	252,532	227,960
	Interoperator services cost	22.2	1,764,167	1,219,172
	Cost of turnkey projects and licenses		27,948	39,689
	Cost of equipment, stores and licenses	22.3	4,475,824	944,929
	Consultancy charges		5,075	7,819
	Support services		243,261	52,079
	Depreciation	4.3	147,091	131,894
	Insurance		11,088	9,003
	Installation and maintenance		64,022	38,259
	CVAS license fee	22.4	5,186	9,657
	Conveyance and travelling		8,386	52,327
	Rent and utilities		4,280	3,375
	Communication		4,334	3,976
	Repairs and maintenance		1,088	1,948
	Office supplies		1,232	1,436
	Fuel and power		448	337
	Others		84,706	48,001
			7,100,668	2,791,861

22.1 This includes a sum of Rs 2.855 million (June 30, 2023: Rs. 5.102 million) in respect of Group's contribution toward provident fund.

		June 30, 2024	June 30, 2023
		----- (Rupees in '000') -----	
22.2	**Interoperator services cost**		
	Other than satellite bandwidth charges	167,304	167,304
	Satellite bandwidth charges	1,596,863	1,051,868
		1,764,167	1,219,172
22.3	**Cost of equipment, stores and licenses**		
	Opening balance as at July 01,	496,357	170,160
	Purchases for the year	4,216,682	1,271,126
	Closing balance	(237,215)	(496,357)
		4,475,824	944,929

22.4 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, 2024	June 30, 2023
			----- (Rupees in '000') -----	
23.	**ADMINISTRATIVE & OTHER EXPENSES**			
	Salaries and other benefits	23.1	255,172	242,232
	Rent and utilities		96,430	76,450
	Insurance		6,163	5,003
	Depreciation	4.3	9,454	8,835
	Depreciation on right-of-use assets	6	2,313	4,626
	Amortisation	5.1	290	290
	Legal and professional charges		10,707	10,075
	Repairs and maintenance		10,859	19,533
	Conveyance and travelling		10,488	13,889
	Office supplies		1,352	1,505
	Subscription		2,577	2,018
	Commission		674	990
	Auditors' remuneration	23.2	3,238	2,943
	Communication		4,736	4,344
	Loss allowance for ECLs		80,480	78,193
	Provision against slow moving stores		-	2,501
	Entertainment		2,304	1,793
	Others		143,397	37,924
			640,634	513,144

23.1 This includes a sum of Rs. 7.606 million (June 30, 2023: Rs. 4.10 million) in respect of Group's contribution toward provident fund.

		Note	June 30, 2024	June 30, 2023
			----(Rupees in '000') ---	
23.2	**Auditors' remuneration**			
	The Parent Company			
	Audit fee for unconsolidated financial statements		1,210	1,100
	Audit fee for consolidated financial statements		385	350
	Review of Code of Corporate Governance		110	100
	Review of half yearly financial statements		440	400
	Other services and certifications		133	121
	Out of pocket expenses		237	215
			2,515	2,286
	Subsidiaries			
	Audit fee for unconsolidated financial statements		640	582
	Out of pocket expenses		83	75
			723	657
			3,238	2,943

		Note	June 30, 2024	June 30, 2023
24.	**DISTRIBUTION COSTS**			
	Salaries and other benefits	24.1	198,582	180,539
	Conveyance and travelling		10,336	15,536
	Office supplies		1,232	1,436
	Repairs and maintenance		25	46
	Advertisement and promotion		13,496	4,911
	Communication		275	253
	Entertainment		336	298
	Utilities		540	425
	Others		386	219
			225,208	203,663

24.1 This includes a sum of Rs. 3.797 million (June 30, 2023: Rs. 3.452 million) in respect of Group's contribution toward provident fund.

		June 30, 2024	June 30, 2023
		----- (Rupees in '000') -----	
25.	**OTHER INCOME**		
	Income from financial assets		
	Income on saving accounts	23,885	20,730
	Others		
	Reversal of provisions against staff incentives	2,661	3,950
		26,546	24,680
26.	**FINANCE COSTS**		
	Long-term financing	-	1,420
	Short-term financing	34,098	27,587
	Bank charges and commission	14,849	12,120
	Finance cost on lease liability against ROU assets	2,371	2,446
		51,318	43,573

			June 30, 2024	June 30, 2023
			---- (Rupees in '000') ----	
27.	LEVY AND TAXATION			
	Levy	27.1	79,156	66,419
	Taxation	27.2	145,612	26,645
			224,768	93,064

27.1 This represents final taxes paid under section 153 and section 154 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37.

		June 30, 2024	June 30, 2023
27.2	Taxation	---- (Rupees in '000') ----	
	Current year charge	151,753	58,971
	Prior year reversal	(23,020)	(27,817)
	Deferred tax charge / (income)	16,879	(4,509)
		145,612	26,645
27.3	**Relationship between accounting profit and income tax expense**		
	Profit before taxation	466,057	281,386
	Tax @ 29%	135,157	81,602
	Portion of current tax representing levy	(79,156)	(66,419)
	Effect of prior year tax	23,020	27,817
	Others	66,591	(16,355)
		145,612	26,645

27.4 The income tax assessments of the Group have been finalised up to and including the tax year 2023, except for tax years in respect of which, appeals are currently in progress at different forums (note 20.2 & 20.3).

28. 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 Holding Company by the weighted average number of shares outstanding during the year.

	June 30, 2024	June 30, 2023
	---- (Rupees in '000') ----	
Profit for the year - (Rupees in '000')	238,809	185,514
Weighted average number of shares - (In '000')	123,444	123,444
Earnings per share - (Rs)	1.93	1.50

28.1 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.

		Note	June 30, 2024	June 30, 2023
			----- (Rupees in '000') -----	
29.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		466,057	281,386
	Adjustments for non cash items:			
	Depreciation		156,545	140,729
	Depreciation on ROU assets		2,313	4,626
	Amortisation		290	290
	Finance cost		36,469	31,453
	Staff gratuity		600	503
	Provision for ECL against trade debts		80,480	78,193
	Provision for slow moving stores		-	2,501
	Unrealised exchange (gain) / loss		(6,227)	(6,537)
	Profit from saving account		(23,885)	(20,730)
	Working capital changes	29.1	224,709	(331,801)
			937,351	180,613
29.1	**Working capital changes**			
	(Increase) / decrease in current assets			
	Inventory		259,142	(328,698)
	Trade debts		200,681	(156,205)
	Advances, deposits and prepayments		(102,002)	(725,992)
	Other receivables		(419,239)	(35,493)
			(61,418)	(1,246,388)
	Increase / (decrease) in current liabilities			
	Trade and other payables		286,127	914,587
			224,709	(331,801)
30.	**FINANCIAL INSTRUMENTS BY CATEGORY**			
30.1	**Financial assets measured at amortised cost**			
	Long-term deposits		7,669	95
	Trade debts		1,497,493	1,778,654
	Advances, deposits and prepayments		340,293	206,446
	Other receivables		661,939	239,709
	Cash and bank balances		684,003	185,041
			3,191,397	2,409,945
30.2	**Financial liabilities measured at amortised cost**			
	Lease liabilities		6,155	8,081
	Trade and other payables		2,118,832	2,118,832
	Accrued mark-up		8,316	5,968
	Current portion of lease liabilities and short-term financing		144,130	138,614
			2,277,433	2,271,495

31. 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.

31.1 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.

31.1.1 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, 2024, 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, 2024	June 30, 2023
	----- (Rupees in '000') -----	
Variable rate instruments:		
Financial asset		
Saving account	22,752	14,145
Financial liabilities		
Short-term financing	(139,889)	(134,284)
Net financial liabilities at variable interest rates	(117,137)	(120,139)

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, 2023: 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 sensitivity analysis.

31.1.2 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 Holding 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$). As at reporting date, the total exposure against foreign creditors amounts to US$ 0.982 million (2023: US$ 2.248 million). Spot rate as at June 30, 2024 is Rs. 278.34 to US$ (2023: 285.99 to US$).

The management of the Holding 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. 2.734 million (6.429 million). However, in practice, the actual results may differ from the sensitivity analysis.

31.1.3 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, 2024, the Group is not exposed to equity price risk.

31.2 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, 2024	June 30, 2023
	----- (Rupees in '000') -----	
Long-term deposits	7,669	95
Trade debts	1,497,493	1,778,654
Deposits	340,293	206,446
Other receivables	661,939	239,709
Bank balances	683,948	184,922
	3,191,342	2,409,826

31.2.1 Short-term deposits and other receivables

The Group carries short-term deposits and other receivables amounting to Rs. 1,002.232 million (June 30, 2023: 446.155 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 month 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.

31.2.2 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. Accordingly, the group has considered a default when outstanding balance is past due over two year.

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 10.3 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, 2024	June 30, 2023
	----- (Rupees in '000') -----	
Expected credit losses on trade debts arising from contracts with customers	84,308	76,403

For movement in expected credit losses during the reporting year, refer note 10.2.

31.2.3 **Bank balances**

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

	June 30, 2024	June 30, 2023
	---- (Rupees in '000') ------	
Rating (long term)		
AAA	9,676	5,096
AA	-	199
AA+	253,384	122,432
A+	134	341
A	380,086	56,725
Others	40,723	129
	684,003	184,922

31.3 **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.

		Contractual cash flows			
Financial liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----------------------Rupes in '000----------------------				
Short-term financing	145,533	1,414	2,827	-	144,130
Trade and other payables	-	69,197	2,049,635	-	2,118,832
Lease liability	-	-	-	6,155	6,155
Accrued mark-up	-	8,316	-	-	8,316
June 30, 2024	145,533	78,927	2,052,462	6,155	2,277,433

		Contractual cash flows			
Financial liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	-----------------------Rupes in '000-----------------------				
Short-term financing	139,889	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

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 15.2 to the consolidated financial statements.

31.4 **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.

31.5 **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. The group gearing ratio is as follows:

	June 30, 2024	June 30, 2023
	----- (Rupees in '000') ----	
Total debt	150,285	146,695
Cash & cash equivalent	(684,003)	(185,041)
	(533,718)	(38,346)
Total shareholders' equity	2,235,269	2,003,741
Total debt and equity	1,701,551	1,965,395
Gearing ratio	-31.37%	-1.95%

32. 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		Executives	
	2024	2023	2024	2023
	(Rupees in '000')			
Managerial remuneration	17,145	10,000	136,309	124,477
Medical	35	35	570	660
Perquisites and benefits	4,998	4,552	91,898	106,163
Others	3,006	2,916	25,594	36,165
	25,184	17,503	254,371	267,465
Number of person	1	1	50	45

32.1 No remuneration has been paid to any of the directors during the reporting year (June 30, 2023: nil).

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

33. 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.

34. PROVIDENT FUND RELATED DISCLOSURE

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

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000') -----	
		Un-audited	Audited
Size of the fund - Total assets	34.1	167,670	145,562
Cost of the investment made		125,920	7,058
Fair value of investments		131,661	7,058
Funds available in savings account			109,199
Percentage of investments made		95.64%	4.85%

34.1 The share of employees of the Group is 64.66% (June 30, 2023: 60.5%) in the total assets of the fund.

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, 2024	June 30, 2023
		----- (Rupees in '000') -----	
35	**CASH AND CASH EQUIVALENT**		
	Cash and bank	684,003	185,041
	Short term running finance	(139,889)	(134,284)
		544,114	50,757
36.	**NUMBER OF EMPLOYEES**		
	Total employees of the Group at the year end	460	454
	Average employees of the Group during the year	457	433

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 07 OCT 2024 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**

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, 2024, 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 material 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, 2024 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. 7,369.375 million during the year ended June 30, 2024.	Our key audit procedures in this area amongst others included the following:

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Company provides data networking and support services, sale of equipment's and licenses and undertakes 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.</td><td>• 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.</td></tr>
<tr><td>2. Recoverability of trade debts

As at June 30, 2024, the Company's gross trade debtors were Rs. 1,459.871 million against which allowances for expected credit losses of Rs. 78.742 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.</td><td>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.</td></tr>
</table>

Prao

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 and consolidated 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 9, 2024
Karachi.

UDIN: AR202410192D2i4qLApX

Supernet Limited
Unconsolidated Statement of Financial Position
As at June 30, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000) ----	
Assets			
Non-current assets			
Property and equipment	4	445,888	356,632
Intangible assets	5	288	578
Right-of-use assets	6	5,954	8,267
Long-term investments	7	59,709	59,709
Long-term deposits	8	7,669	95
Deferred taxation	9	48,405	62,718
		567,913	487,999
Current assets			
Inventory	10	232,534	200,650
Trade debts	11	1,381,389	1,408,959
Advances, deposits and prepayments	12	910,482	789,155
Other receivables	13	708,194	237,314
Taxation - net		82,040	120,230
Cash and bank balances	14	28,696	18,118
		3,343,335	2,774,426
Total assets		3,911,248	3,262,425

The annexed notes from 1 to 42 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, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000) ----	
Equity and liabilities			
Share capital & reserves			
Authorised share capital			
150,000,000 (2023: 150,000,000) ordinary shares of Rs.10/- each	15.1	1,500,000	1,500,000
Issued, subscribed and paid-up capital	15.2	1,234,444	1,234,444
Share premium	15.3	33,436	33,436
Revenue reserve - unappropriated profit		500,660	344,788
		1,768,540	1,612,668
Non-current liabilities			
Lease liabilities	16	6,155	8,081
Deferred liability	17	2,773	2,173
		8,928	10,254
Current liabilities			
Trade and other payables	18	1,956,814	1,479,783
Due to related parties	19	15,648	6,266
Accrued markup	20	8,316	5,968
Contractual liability to customer	21	8,872	8,872
Current portion of lease liabilities and short term financing	22	144,130	138,614
		2,133,780	1,639,503
Contingencies & commitments	23		
Total equity and liabilities		3,911,248	3,262,425

The annexed notes from 1 to 42 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, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000) ----	
			Restated
Revenue - net	24	7,369,375	3,427,923
Cost of services	25	(6,295,973)	(2,580,209)
Gross profit		1,073,402	847,714
Administrative & other expenses	26	(413,021)	(372,865)
Distribution costs	27	(225,208)	(203,663)
Exchange loss		(39,302)	(112,144)
		(677,531)	(688,672)
Other income	28	3,109	8,823
		(674,422)	(679,849)
Operating profit		398,980	167,865
Finance costs	29	(45,662)	(34,775)
Profit before taxation and levy		353,318	133,090
Levy	30.1	(73,604)	(63,473)
Profit before taxation		279,714	69,617
Taxation	30.2	(123,842)	(18,814)
Profit after taxation		155,872	50,803
		-------Amount in Rupees-----	
Earnings per share - basic and diluted	31	1.26	0.41

The annexed notes from 1 to 42 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, 2024

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) ----	
		Restated
Profit after taxation	155,872	50,803
Other comprehensive income	-	-
Total comprehensive income for the year	155,872	50,803

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

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

Supernet Limited
Unconsolidated Statement of Changes in Equity
For the year ended June 30, 2024

	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserve	Total
		Share premium	Un-appropriated profit	
	(Rupees in '000')			
Balance as at June 30, 2022	1,122,222	145,658	293,985	1,561,865
Issuance of bonus shares	112,222	(112,222)	-	-
Profit for the year	-	-	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
Issuance of bonus shares	-	-	-	-
Profit for the period	-	-	155,872	155,872
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	155,872	155,872
Balance as at June 30, 2024	1,234,444	33,436	500,660	1,768,540

The annexed notes from 1 to 42 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, 2024

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000') -----	
			Restated
Cash flows from operating activities			
Cash generated from operations	32	424,959	212,695
Income tax paid		(144,945)	(121,551)
Finance cost paid		(27,575)	(30,354)
Gratuity paid		-	(749)
Net cash generated from operating activities		252,439	60,041
Cash flows from investing activities			
Purchase of property and equipment	4.1	(244,389)	(129,479)
Proceeds from maturity of short-term investments		-	125,000
Investment in subsidiary		-	(40,000)
Income received from saving account		1,309	4,380
Net cash used in investing activities		(243,080)	(40,099)
Cash flows from financing activities			
Lease rentals paid		(4,386)	(4,975)
Payment of long term financing		-	(23,438)
Net cash (used in) financing activities		(4,386)	(28,413)
Net increase / (decrease) in cash and cash equivalents		4,973	(8,471)
Cash and cash equivalents at the beginning of the year		(116,166)	(107,695)
Cash and cash equivalents at the end of the year	39	(111,193)	(116,166)

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

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

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 the Pakistan Stock Exchange at the 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 Company has also been licensed to sell photovaltic equipments and is also registered with the Ministry of Energy (Power Division) Alternate Energy Development Board (AEDB).

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.

During the year 51% share holding of the Company has been transferred to Hallmark Company Limited by Telecard Limited. Telecard Limited now holds directly 31.85% of Supernet Limited and 32.04% through indirect share holding, by virtue of that it has significant influence over operational and business decision making policies and has the right to exercise control over Supernet Limited.

The principal 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. BASIS OF PREPARTION

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

These unconsolidated financial statements are the financial statements of the Company in which the investments in subsidiary is reported on the basis of the cost less impairment loss (if any).

2.1 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.

2.2 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.

2.3 Changes in accounting standards, interpretations and amendments to accounting and reporting standards

a) Amendments to accounting and reporting standards and interpretation / guidance which became effective during the year ended June 30, 2024

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income Tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these unconsolidated financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	"Rs in '000'		
Effect on the statement of profit or loss			
For the year ended June 30, 2024			
Profit before tax	353,318	(73,604)	279,714
Taxation	(197,446)	73,604	(123,842)
Profit after tax	155,872	-	155,872
For the year ended June 30, 2023			
Profit before tax	133,090	(63,473)	69,617
Taxation	(82,287)	63,473	(18,814)
Profit after tax	50,803	-	50,803

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax and earnings per share, basic and diluted.

b) **New standards and amendments to published accounting and reporting standards that are not yet effective and not early adopted by the Company**

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after July 1, 2024. The new standards include IFRS 18 'Presentation and Disclosure in Financial Statements' and IFRS 19 'Subsidiaries without Public Accountability Disclosures' both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

2.4 Significant accounting estimates and judgments

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
Recognition of tax and deferred tax	3.15, 9 & 30
Other provisions and contingent liabilities	3.11 & 23
Determining the lease term of contracts with renewal and termination options and estimating the incremental borrowing rate	3.14
Determining the useful lives and carrying value of ROU assets	3.3 & 6
Provision against obsolete items	3.5 & 10.1

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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.

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 item 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 the 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. 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.

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.

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 Inventory

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 inventory 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

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

3.7 Loans and advances

These are stated at cost less estimates made for any doubtful receivables based on the review of all outstanding amounts at the reporting date. Balances considered doubtful and irrecoverable are written off when identified.

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 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 principal 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 Other Comprehensive Income (OCI).

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

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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 the old scheme. The scheme was replaced by a 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 - levy and income tax

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

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.

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	30.185%
Hallmark Limited	Substantial Shareholder	51.00%
Supernet E-Solutions (Private) Limited	Wholly Owned Subsidiary	100.00%
Supernet Secure Solutions (Private) Limited	Subsidiary Company	80.00%
Phoenix Global FZE	Wholly Owned Subsidiary	100.00%
Supernet Infrastructure Solutions (Private) Limited	Wholly Owned Subsidiary	100.00%
Globetech Communication (Private) Limited	Wholly Owned Subsidiary of Holding Company	-
Mr. Shams ul Arfeen	Key management personnel	-
Mr. Syed Hashim Ali	Key management personnel	0.00045%
Mr. Waseem Ahmad	Key management personnel	0.00045%
Ms. Naueen Ahmed	Key management personnel	0.00089%
Mr. Jamal Nasir Khan	Key management personnel	0.00089%
Mr. Syed Imran Hyder Jafri	Key management personnel	-
Mr. Syed Aamir Hussain	Key management personnel	0.00045%
Mr. Asad Mujtaba Naqvi	Key management personnel	0.00045%
Mr. Ahmer Qamar	Key management personnel	0.00089%

4. PROPERTY AND EQUIPMENT

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000') ----	
Operating fixed assets	4.1	445,888	356,632

4.1 Operating fixed assets

	Note	Cost			Accumulated depreciation				
		As at July 01, 2023	Additions	As at June 30, 2024	As at July 01, 2023	Charge for the year	As at June 30, 2024	WDV as at June 30, 2024	Depreciation rate per annum %
		(Rupees in '000')							
Owned assets									
Leasehold improvements		36,180	1,803	37,983	36,091	251	36,342	1,641	20
Communication equipments	4.2	2,178,628	233,969	2,412,597	1,834,468	147,091	1,981,559	431,038	20
Furniture, fixtures and office equipments		48,450	221	48,671	43,585	2,342	45,927	2,744	10
Computers and accessories		65,580	8,396	73,976	58,826	5,047	63,873	10,103	33
Motor vehicles		14,604	-	14,604	13,840	402	14,242	362	20
		2,343,442	244,389	2,587,831	1,986,810	155,133	2,141,943	445,888	

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

	Note	Cost			Accumulated depreciation			WDV as at June 30, 2023	Depreciation rate per annum %
		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		
		(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	

4.2 Equipment, costing Rs. 1,564.640 million (2023: Rs. 1,362.140 million), having a net book value of Rs. 394.564 million (2023: Rs. 272.710 million) are in the possession of the customers of the Company in the ordinary course of business.

4.3 **Depreciation for the period has been allocated as follows:**

	Note	June 30, 2024	June 30, 2023
		(Rupees in '000')	
Cost of services	25	147,091	131,894
Administrative expenses	26	8,042	7,530
		155,133	139,424

4.4 The cost of fully depreciated assets as at June 30, 2024 is Rs. 1,788.55 million (2023: Rs.1,698.60 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 flats 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, 2024	June 30, 2023
			------ (Rupees in '000') -----	
5.	**INTANGIBLE ASSETS**			
	Computer software	5.1	288	578
5.1	**Cost**			
	As at June 30		41,224	41,224
	Accumulated amortisation			
	Opening balance		(40,646)	(40,356)
	Charge for the year		(290)	(290)
	Closing balance		(40,936)	(40,646)
	Net book value		288	578
	Annual rates of amortization		20%	20%
6.	**RIGHT-OF-USE ASSETS**			
	As at July 01,			
	Cost		19,649	8,823
	Accumulated depreciation		(11,382)	(6,756)
	Net book value		8,267	2,067
	Movement during the year			
	Opening net book value		8,267	2,067
	Increase in cost on modification of lease term	6.1	-	10,826
	Depreciation for the year		(2,313)	(4,626)
	Closing net book value		5,954	8,267
	As at June 30,			
	Cost		19,649	19,649
	Accumulated depreciation		(13,695)	(11,382)
	Net book value		5,954	8,267

6.1 Last 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, 2024	June 30, 2023
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	41,000
			59,709	59,709

7.1 This represents Company's investment in 100% equity shares of Supernet E-Solutions (Private) Limited. The Company holds 10,000 (2023: 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 (2023: 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 (2023: 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 This represents Company's investment in 100% equity shares of Supernet Infrastructure Solutions (Private) Limited .The Company holds 4,100,000 (2023: 4,100,000) ordinary shares of Rs 10/- (2023:10) each.

	Note	June 30, 2024	June 30, 2023
		------ (Rupees in '000') -----	
8. LONG-TERM DEPOSITS			
Security deposits - considered good	8.1	7,669	95

8.1 During the year, the Company has made advance deposit towards one of the vendor for the satellite security deposit.

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000') -----	
9. DEFERRED TAXATION			
Deductible temporary differences			
Accelerated accounting depreciation		24,189	35,575
Deferred liability - staff gratuity		598	630
Doubtful debts and other provision		21,046	27,217
Lease liabilities		3,276	3,599
		49,109	67,021
Taxable temporary differences			
Right-of-use assets		(1,284)	(2,397)
Exchange differences		580	(1,906)
		(704)	(4,303)
		48,405	62,718
10. INVENTORY			
Equipment & consumables		251,910	220,026
Provision against obsolete store items	10.1	(19,376)	(19,376)
		232,534	200,650

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
10.1	**Provision against obsolete store items**			
	Opening balance		19,376	16,875
	Charge for the year		-	2,501
	Closing balance		19,376	19,376
11.	TRADE DEBTS			
	Unsecured-considered good			
	Related parties	11.1	485,399	251,674
	Others		895,990	1,157,285
			1,381,389	1,408,959
	Considered doubtful trade debts		78,482	72,034
	Loss allowance for ECLs	11.2	(78,482)	(72,034)
			1,381,389	1,408,959
11.1	Related parties			
	Telecard Limited		70,471	70,471
	Phoenix Global FZE		261,665	180,525
	Supernet E-Solutions (Private) Limited		678	678
	Supernet Infrastructure Solutions (Private) Limited		152,585	-
			485,399	251,674

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

	June 30, 2024	June 30, 2023
	------ (Rupees in '000') -----	
Telecard Limited	84,628	84,628
Phoenix Global FZE	261,665	180,525
Supernet E-Solutions (Private) Limited	678	678
Supernet Infrastructure Solutions (Private) Limited	152,585	-
	499,556	265,831

		June 30, 2024	June 30, 2023
11.2	**Loss allowance for ECL**		
	Opening balance	72,034	68,237
	Loss allowance made during the year	78,448	73,824
	Provisions written off	(72,000)	(70,027)
	Closing balance	78,482	72,034

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

	Total	Neither past due nor impaired	> 1 month up to 3 months	> three months up to one year	Above one year
	----------------				
Related party	485,399	152,585	16,695	64,653	251,463
Others	895,990	160,249	169,163	176,592	389,987
June 30, 2024	1,381,389	312,834	185,858	241,245	641,450
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

		Note	June 30, 2024	June 30, 2023
			----(Rupees in '000') -----	
12.	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advances - considered good, unsecured			
	Employees - against projects related expenses		18,775	18,951
	Suppliers		590,200	652,986
			608,975	671,937
	Deposits - considered good			
	Earnest money		68,378	41,003
	Margin against guarantee		221,100	69,242
	Others		11,558	4,665
			301,036	114,910
	Considered doubtful deposits		(2,441)	2,441
	Loss allowance against deposits considered doubtful		2,441	(2,441)
			-	-
			301,036	114,910
	Prepayments			
	Rent		-	1,835
	Others		471	473
			471	2,308
			910,482	789,155
13.	**OTHER RECEIVABLES**			
	Considered good			
	Current accounts with related parties	13.1	695,349	216,508
	Insurance claim		5,547	5,280
	Advance income tax		-	2,991
	Accrued mark-up from related parties		-	2,216
	Others		7,298	10,319
			708,194	237,314
13.1	**Current accounts with related parties**			
	Telecard Limited - Holding Company		243,026	214,949
	Supernet E-Solutions (Private) Limited		1,325	1,559
	Phoenix Global FZE		149,806	-
	Hallmark Limited		301,192	-
		13.1.1	695,349	216,508

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

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

	Note	June 30, 2024	June 30, 2023
		---- (Rupees in '000') -----	
Telecard Limited - Holding Company		243,026	214,949
Supernet E-Solutions (Private) Limited		1,559	1,559
Phoenix Global FZE		149,806	-
Halmark Limited		301,192	-
Supernet Infrastructure Solutions (Private) Limited		-	18,863

14. CASH AND BANK BALANCES

	Note	June 30, 2024	June 30, 2023
Cash in hand		50	101
Local currency			
Current account		7,163	5,218
Saving account	14.1	21,483	12,799
		28,646	18,017
		28,696	18,118

14.1 This carries mark-up at the rate, ranging between 7.62% to 18.28% (2023: 5.63% to 11.64%) per annum.

15. SHARE CAPITAL AND RESERVES

15.1 **Authorized share capital**

	June 30, 2024	June 30, 2023
	------ (Rupees in '000') -----	
150,000,000 ordinary shares of Rs.10/- each	1,500,000	1,500,000

15.2 **Issued, subscribed and paid-up capital**

	June 30, 2024	June 30, 2023
123,444,420 (2023: 123,444,420 of Rs. 10/- each) ordinary shares of Rs.10/- each issued as follows;		
45,772,610 (2023: 45,772,610)	457,726	457,726
77,671,810 (2023: 77,671,810) allotted as bonus	776,718	776,718
	1,234,444	1,234,444

15.2.1 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, 31.85% shares of the Company are held directly and 32.04% shares of the Company are held indirectly by the Holding Company.

15.2.2 As at reporting date, chief executive officer, directors and their spouses held 0.00447% (2023: 0.00447%), associated undertaking held 81.17553% (2023: 81.17553%) and the balance of 18.81% (2023: 18.81%) are held by individual and others.

15.3 **Share premium**

	June 30, 2024	June 30, 2023
	------ (Rupees in '000') -----	
Opening balance	33,436	145,658
Bonus shares issued during the period	-	(112,222)
	33,436	33,436

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
16.	**LEASE LIABILITIES**			
	Lease liabilities		10,396	12,411
	Current portion of lease liabilities	16.1	(4,241)	(4,330)
			6,155	8,081
16.1	**Reconciliation of the carrying amount is as follows:**			
	As at July 01		12,411	3,145
	Increase in lease liability on modification of lease term		-	11,795
	Accretion of interest		2,371	2,446
	Lease rental payments made during the year		(4,386)	(4,975)
	Lease liability as at June 30,		10,396	12,411
	Current portion of lease liabilities		(4,241)	(4,330)
	Long-term lease liabilities as at June 30		6,155	8,081
16.2	**Maturity analysis**			
	Gross lease liabilities - minimum lease payments:			
	Not later than one year		4,241	4,330
	Later than one year but not later than five years		10,950	12,197
			15,191	16,527
	Future finance charge		(4,241)	(4,116)
	Present value of finance lease liabilities		10,396	12,411
17.	**DEFERRED LIABILITY**			
	Staff gratuity		2,773	2,173
18.	**TRADE AND OTHER PAYABLES**			
	Unsecured			
	Creditors		1,847,175	1,411,741
	Supernet Secure Solutions (Private) Limited		-	14,539
			1,847,175	1,426,280
	Other payables			
	Accrued liabilities		90,547	37,477
	Provision against compensated absences		3,580	2,056
	CVAS License fee to Pakistan Telecommunication Authority		5,186	10,011
	Payable to employees' provident fund		2,790	127
	Workers' welfare fund payable		2,782	2,782
	Others		4,754	1,050
			109,639	53,503
			1,956,814	1,479,783
19.	**DUE TO RELATED PARTIES**			
	Supernet Secure Solutions (Private) Limited		15,648	2,072
	Supernet Infrastructure Solutions (Private) Limited		-	4,194
		19.1	15,648	6,266

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

		Note	30 June, 2024	30 June, 2023
			---- (Rupees in '000') ----	
20.	**ACCRUED MARK-UP**			
	Secured			
	On short-term financing		8,316	5,753
	Employees' provident fund		-	215
			8,316	5,968
21.	**CONTRACTUAL LIABILITY TO CUSTOMER**			
	Pakistan Mobile Communication Limited		8,872	8,872
22.	**CURRENT PORTION OF LEASE LIABILITES AND SHORT TERM FINANCING**			
	Running finance from bank – secured	22.1	139,889	134,284
	Current maturity of long-term financing:			
	Current portion of lease liabilities		4,241	4,330
			144,130	138,614

22.1 This represents finance facility of Rs. 150 million (2023: 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, 2023: 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, lien on shares of Holding Company and third party equitable mortgage. The unutilized facility amounts to Rs. 10.69 million (2023: Rs 65.72 million).

23. CONTINGENCIES & COMMITMENTS

23.1 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.

23.2 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.

23.3 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.

23.4 In the year 2017, the Company filed an appeal against the notices received from 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, based on the lawyer's opinion no provision has been made in these unconsolidated financial statements.

23.5 The Company has committed to deposit an amount of Rs. Nil (2023: 37.876 million) in terms of security deposit to its satellite bandwidth vendor.

23.6 Letters of guarantee, amounting to Rs.130.652 million (2023: Rs. 116.073 million), have been issued by commercial banks on behalf of the Company.

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
24.	REVENUE - NET			
	Data networking		2,606,074	2,310,239
	Sale of equipment and licenses		4,725,351	1,063,765
	Revenue from turnkey projects		37,950	53,919
			7,369,375	3,427,923
25.	COST OF SERVICES			
	Salaries and other benefits	25.1	223,918	199,439
	Interoperator services cost	25.2	1,286,760	1,109,393
	Cost of turnkey projects		27,948	39,689
	Cost of equipment, stores and licenses	25.3	4,389,441	871,940
	Consultancy charges		5,075	7,819
	Support services		31,418	52,079
	Depreciation	4.3	147,091	131,894
	Insurance		11,088	9,003
	Installation and maintenance		64,022	38,259
	CVAS license fee	25.4	5,186	9,657
	Conveyance and travelling		8,386	52,327
	Rent and utilities		4,280	3,375
	Communication		4,334	3,976
	Repairs and maintenance		1,088	1,948
	Office supplies		1,232	1,436
	Others		84,706	47,975
			6,295,973	2,580,209

25.1 This includes a sum of Rs. 9.967 million (2023: Rs. 4.428 million) in respect of Company's contribution towards provident fund.

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
25.2	**Interoperator services cost**			
	Other than satellite bandwidth charges		361,230	167,304
	Satellite bandwidth charges		925,530	942,089
			1,286,760	1,109,393
25.3	**Cost of equipment, stores and licenses**			
	Opening balance		200,650	162,603
	Purchases		4,421,325	909,987
	Closing balance (Inventory)	10	(232,534)	(200,650)
			4,389,441	871,940

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

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
26.	**ADMINISTRATIVE & OTHER EXPENSES**			
	Salaries and other benefits	26.1	175,181	157,017
	Rent and utilities		78,415	61,841
	Insurance		6,163	5,003
	Depreciation	4.3	8,042	7,530
	Depreciation on asset under IFRS - 16		2,313	4,626
	Amortisation	5.1	290	290
	Legal and professional charges		6,936	5,786
	Repairs and maintenance		9,835	17,612
	Conveyance and travelling		8,281	12,447
	Office supplies		1,232	1,436
	Subscription		264	1,844
	Auditors' remuneration	26.2	2,528	2,286
	Communication		4,736	4,344
	Loss allowance for ECLs		78,448	73,824
	Provision against slow moving stores		-	2,501
	Entertainment		2,021	1,793
	Others		28,336	12,685
			413,021	372,865

26.1 This includes a sum of Rs. 7.606 million (2023: Rs. 2.109 million) in respect of Company's contribution towards provident fund.

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
26.2	**Auditors' remuneration**			
	Audit fee for unconsolidated financial statements		1,210	1,100
	Audit fee for consolidated financial statements		385	350
	Review of Code of Corporate Governance		110	100
	Review of half yearly financials		440	400
	Other services and certifications		133	121
	Out of pocket expenses		250	215
			2,528	2,286
27.	**DISTRIBUTION COSTS**			
	Salaries and other benefits	27.1	198,582	180,539
	Conveyance and travelling		10,336	15,536
	Office supplies		1,232	1,436
	Repairs and maintenance		25	46
	Advertisement and promotion		13,496	4,911
	Communication		275	253
	Entertainment		336	298
	Utilities		540	425
	Others		386	219
			225,208	203,663

27.1 This includes a sum of Rs. 8.656 million (2023: Rs. 1.916 million) in respect of Company's contribution towards provident fund.

		Note	June 30, 2024	June 30, 2023
			------ (Rupees in '000') -----	
28.	**OTHER INCOME**			
	Income from financial assets			
	Income on saving accounts		1,309	4,380
	Others			
	Term deposit		-	2,643
	Rental income		1,800	1,800
			3,109	8,823
29.	**FINANCE COSTS**			
	Mark-up on:			
	Long-term financing		-	1,420
	Short-term financing		34,098	27,587
	Bank charges and commission		9,193	3,322
	Finance cost on lease liability against ROU assets		2,371	2,446
			45,662	34,775
30.	**LEVY AND TAXATION**			
	Levy	30.1	73,604	63,473
	Taxation	30.2	123,842	18,814
			197,446	82,287

30.1 This represents final taxes paid under section 153 and section 154 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37.

		June 30, 2024	June 30, 2023
		---- (Rupees in '000') ----	
30.2	**Taxation**		
	Current year tax expense	131,615	46,000
	Prior year reversal	(22,086)	(28,084)
	Deferred tax expense	14,313	898
		123,842	18,814
30.3	**Relationship between accounting profit and income tax expense**		
	Profit before taxation and levy	353,318	133,090
	Tax @ 29%	102,462	38,596
	Portion of current tax representing levy	(73,604)	(63,473)
	Effect of prior period tax	(22,086)	(28,084)
	Others	117,070	71,775
		123,842	18,814

30.4 The income tax assessments of the Company have been finalized up to and including the tax year 2023, except for tax years in respect of which, appeals are currently in progress at different forums (note 24.4 & 24.5).

31. 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, 2024	June 30, 2023
Profit for the year (Rupees in "000")	155,872	50,803
Weighted average number of shares (In thousands)	123,444	123,444
Earnings per share - (Rupees)	1.26	0.41

31.1 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.

		Note	June 30, 2024	June 30, 2023
			----(Rupees in '000') ----	
32.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		353,318	133,090
	Adjustments for non - cash charges and other items			
	Depreciation		155,133	139,424
	Depreciation on ROU assets		2,313	4,626
	Amortisation		290	290
	Finance cost		34,098	31,453
	Staff gratuity		600	503
	Provision for ECL against trade debts		78,448	73,824
	Provision for slow moving stores		-	2,501
	Unrealised exchange (gain)		-	(6,537)
	Profit from saving account		(1,309)	(4,380)
	Increase in cost & lease liabilities on reassesment		-	969
	Working capital changes	32.1	(197,932)	(163,068)
			424,959	212,695

		Note	June 30, 2024	June 30, 2023
			----(Rupees in '000') ----	
32.1	**Working capital changes**			
	(Increase) / decrease in current assets			
	Inventory		(31,884)	(40,548)
	Trade debts		(50,878)	80,906
	Advances, deposits and prepayments		(130,703)	(518,334)
	Other receivables		(470,880)	(35,694)
			(684,345)	(513,670)
	Increase / (decrease) in current liabilities			
	Trade and other payables		477,031	344,336
	Due to related party		9,382	6,266
			(197,932)	(163,068)

33. FINANCIAL INSTRUMENTS BY CATEGORY

33.1 Financial assets measured at amortised cost

	Note	June 30, 2024	June 30, 2023
Long-term investments	7	59,709	59,709
Long-term deposits	8	7,669	95
Trade debts	11	1,381,389	1,408,959
Advances, deposits and prepayments *	12	301,036	114,910
Other receivable	13	708,194	234,323
Bank balances	14	28,646	18,017
		2,486,643	1,836,013

33.2 Financial liabilities measured at amortised cost

	Note	June 30, 2024	June 30, 2023
Lease liabilities	16	6,155	8,081
Trade and other payables **	18	1,947,662	1,474,618
Accrued mark-up	20	8,316	5,968
Current portion of lease liabilities and short term financing	22	144,130	138,614
		2,106,263	1,627,281

*Advances amounting to Rs. 608 million (2023: Rs 672 million) and prepayments amounting to Rs. 0.471 million (2023: Rs 2.31 million) are not financial assets and are not included.

**Workers welfare fund, provision for employees' compensated absences and payable to employees' provident fund amounting in aggregate to Rs. 10.326 million (2023: 31.09 million) are not financial liabilities and are not included.

34. 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.

34.1 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.

34.1.1 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, 2024 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, 2024	June 30, 2023
	--- (Rupees in '000') ---	
Variable rate instruments:		
Financial asset		
Saving accounts	21,483	12,799
Financial liabilities		
Short-term financing	(139,889)	(134,284)
Net financial liabilities at variable interest rates	(118,406)	(121,485)

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. 0.457 million (June 30, 2023: Rs. 1.21 million) and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

34.1.2 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$). As at reporting date, the total exposure against foreign creditors amounts to US$ 0.982 million (2023: US$ 2.248 million). Spot rate as at June 30, 2024 is Rs. 278.34 to US$ (2023: 285.99 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. 2.734 million (6.429 million). However, in practice, the actual results may differ from the sensitivity analysis.

34.1.3 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, 2024, the Company is not exposed to equity price risk.

34.2 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, 2024	June 30, 2023
		---- (Rupees in '000') -----	
Long-term deposits	8	7,669	95
Trade debts	11	1,381,389	1,408,959
Deposits	12	301,036	114,910
Other receivables		708,194	234,323
Bank balances	14	28,646	18,017
		2,426,934	1,776,304

34.2.1 Short-term deposits and other receivables

The Company carries short-term deposits and other receivables amounting to Rs 1,003.683 million (2023: Rs 349.233 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.

34.2.2 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 deal 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 the relevant note 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, 2024	June 30, 2023
	---- (Rupees in '000') ----	
Expected credit losses on trade debts arising from contracts with customers	78,482	72,034

For movement in expected credit losses during the year, refer relevant note to the financial statement.

34.2.3 Bank balances

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

	June 30, 2024	June 30, 2023
	---- (Rupees in '000') -----	
Rating (long term)		
AAA	4,054	6,105
AA+	18,906	11,602
A+	5,686	310
	28,646	18,017

34.3 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	139,889	1,414	2,827	-	144,130
Trade and other payable	-	103,277	1,853,537	-	1,956,814
Due to related parties	15,648	-	-	-	15,648
Accrued mark-up	-	8,316	-	-	8,316
June 30, 2024	155,537	113,007	1,856,364	-	2,124,908
Short-term financing	134,284	1,083	3,247	-	138,614
Trade and other payable	-	48,665	1,426,280		1,474,945
Due to related parties	6,266	-	-	-	6,266
Accrued mark-up	-	5,968	-	-	5,968
June 30, 2023	140,550	55,716	1,429,527	-	1,625,793

34.4 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.

34.5 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, 2024	June 30, 2023
	---- (Rupees in '000') ------	
Total debt	150,285	146,695
Cash & cash equivalent	(28,696)	(18,118)
Net debt	121,589	128,577
Total equity	1,768,540	1,612,668
Total debt and equity	1,890,129	1,741,245
Gearing ratio	6.43%	7.38%

35. 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.

36. 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	
	2024	2023	2024	2023
	(Rupees in '000')			
Managerial remuneration	5,000	5,000	121,296	108,136
Medical	35	35	534	623
Perquisites and benefits	4,998	4,552	91,898	102,380
Others	416	416	10,818	31,295
	10,449	10,003	224,546	242,434
Number of person	1	1	44	42

36.1 No remuneration has been paid to any of the directors during the reporting period (2023: nil).

37. 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, 2024	June 30, 2023
		------ (Rupees in '000') -----	
Relationship: Entities having directors in common with the Company			
Supernet E - Solutions	Advance given	-	913
(Private) Limited	Advance received	234	-
Phoenix Global FZE	Services rendered	81,140	68,684
	Sale of equipment	-	729
	Purchase of equipment	410,626	350,291
Supernet Infrastructure	Advances granted	-	-
Solutions (Private) Ltd.	Advances received	385,890	578,665
	Services rendered	3,888	10,231
	Sale of equipment	538,781	564,240
Provident Fund	Contribution during the year	26,220	11,809

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

38. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2024 (Un-audited)	June 30, 2023 Audited
		------ (Rupees in '000') -----	
Size of the fund - Total assets	38.1	167,670	145,562
Cost of the investment made		125,920	7,058
Fair value of investments		131,661	7,058
Funds available in saving accounts			109,119
Percentage of investments made		95.64%	4.85%

38.1 The share of employees of the Company is 57.07% (2023: 51.07%) in the total assets of the fund.

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

		June 30, 2024	June 30, 2023
		------ (Rupees in '000') -----	
39	**CASH AND CASH EQUIVALENT**		
	Cash and bank	28,696	18,118
	Short term runnig finance	(139,889)	(134,284)
		(111,193)	(116,166)

40.	**NUMBER OF EMPLOYEES**		
	Total employees of the Company at the year end	314	364
	Average employees of the Company during the year	360	389

41. GENERAL

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

41.2 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.

42. AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 07 OCT 2024 by the Board of Directors of the Company.

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

SUPERNET LIMITED

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS AS AT 30/06/2024

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
5	1	-	100	223
11	101	-	500	5,095
6	501	-	1,000	3,750
30	1,001	-	5,000	77,892
15	5,001	-	10,000	106,962
7	10,001	-	15,000	88,900
2	15,001	-	20,000	38,000
3	20,001	-	25,000	65,900
6	25,001	-	30,000	167,902
2	30,001	-	35,000	64,150
3	40,001	-	45,000	130,675
1	50,001	-	55,000	55,000
2	60,001	-	65,000	123,808

2	65,001	-	70,000	138,350
1	75,001	-	80,000	75,240
2	85,001	-	90,000	177,450
2	95,001	-	100,000	199,100
1	115,001	-	120,000	115,628
2	145,001	-	150,000	296,998
1	150,001	-	155,000	152,900
1	155,001	-	160,000	155,001
1	160,001	-	165,000	161,675
1	180,001	-	185,000	181,464
1	190,001	-	195,000	194,100
1	195,001	-	200,000	200,000
1	220,001	-	225,000	223,300
1	235,001	-	240,000	238,700
1	265,001	-	270,000	269,999
1	315,001	-	320,000	318,450
1	550,001	-	555,000	554,500
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	2,214,650
1	3,125,001	-	3,130,000	3,128,767
1	3,995,001	-	4,000,000	4,000,000
1	5,060,001	-	5,065,000	5,060,234
1	37,260,001	-	37,265,000	37,260,050
1	62,955,001	-	62,960,000	62,956,672
123				**123,444,455**

Supernet Limited Catagories of Shareholders			
As at June 30, 2024			
NAME	**NO OF SHARES**	**NOS**	**%**
INDIVIDUALS	**10,713,495**	**99**	**9**
JOINT STOCK COMPANIES	11,222,723	8	8.95
BANKS, DFI'S, INSURANCE COMPANIES	238,700	1	0.19
MODARBAS AND MUTUAL FUND & OTHERS	1,047,315	6	0.88
	12,508,738	**15**	**10.03**
ASSOCIATES	**100,216,722**	**2**	**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
NAUEEN AHMED	1,100	1	0.00
	5,500	**7**	**0.00**
Total	**123,444,455**	**123**	**100**

SUPERNET
Empowering Networks

Gender Pay Gap Statement Under Circular 10 of 2024

Following is the gender pay gap calculated for the year ended June 30, 2024:

I. Mean Gender Pay Gap: 30.051

II. Median Gender Pay Gap: (3.813)

Signed by CEO / Director on behalf of Board of Directors of the Company

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 Monday 28 October 2024 at 1100 at Crowne Plaza Hotel Blue Area Islamabad and at any adjournment thereof.

Signed this __________ day of ______________, 2024.

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/Corporate Office of the Company situated at Islamabad/Karachi 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.