SUPERNET LIMITED

Financial Statements

For The Year Ended
June 30, 2019

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

Parker Randall International

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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Independent Auditors' Report
To the members of Supernet Limited
Report on the Audit of the Financial Statements

Opinion

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

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

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

The management is responsible for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hina Kazi.

Parker Randall AJS
Chartered Accountants
PRAJS
Date: 09 OCT 2019
Karachi.

SUPERNET LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		---- (Rupees in '000') ----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**349,891**	363,456
Intangible assets	6	**240**	500
Long-term investments	7	**1,509**	-
		351,640	363,956
Long-term deposits	8	**30,080**	36,946
Deferred taxation	9	**30,202**	30,202
		411,922	431,104
CURRENT ASSETS			
Communication stores	10	**128,151**	121,711
Trade debts	11	**1,051,499**	1,131,611
Advances, deposits and prepayments	12	**134,921**	122,010
Other receivables	13	**201,377**	279,875
Taxation - net		**178,479**	171,954
Bank balances	14	**86,253**	26,756
		1,780,680	1,853,917
TOTAL ASSETS		**2,192,602**	2,285,021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
60,000,000 (2018: 60,000,000) ordinary shares of Rs.10 each		**600,000**	600,000
Issued, subscribed and paid-up capital	15	**500,000**	387,717
Capital reserve - share premium		-	13,424
Revenue reserve - unappropriated profit		**385,111**	467,580
		385,111	481,004
		885,111	868,721
NON-CURRENT LIABILITIES			
Long-term financing	16	**58,188**	88,625
Deferred liability	17	**2,861**	2,861
		61,049	91,486
CURRENT LIABILITIES			
Trade and other payables	18	**1,014,473**	1,079,573
Accrued mark-up	19	**9,789**	5,901
Contractual liability to customers	20	**44,417**	44,417
Short-term financing	21	**177,763**	194,923
		1,246,442	1,324,814
Contingencies & commitments	22		
TOTAL EQUITY AND LIABILITIES		**2,192,602**	2,285,021

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

PRASS

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

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

	Note	June 30, 2019	June 30, 2018
		--- (Rupees in '000') ---	
Revenue - net	23	**2,865,913**	2,451,079
Cost of services	24	**(2,346,701)**	(1,815,987)
Gross profit		**519,212**	635,092
Administrative expenses	25	**(228,748)**	(203,332)
Distribution costs	26	**(160,878)**	(123,877)
Exchange loss		**(93,825)**	(28,223)
		(483,451)	(355,432)
Other income	27	**270,213**	1,545
		(213,238)	(353,887)
Operating profit		**305,974**	281,205
Finance costs	28	**(33,974)**	(26,932)
Profit before taxation		**272,000**	254,273
Taxation	29	**(232,063)**	(174,097)
Net profit for the year		**39,937**	80,176
Earnings per share - basic and diluted	30	**0.80**	1.60

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

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

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

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
Net profit for the year	**39,937**	80,176
Other comprehensive income	-	-
Total comprehensive income	**39,937**	80,176

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

PRASS

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

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

	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	**470,120**	424,208
Income tax paid		**(238,583)**	(188,953)
Finance cost paid		**(30,086)**	(26,831)
Net cash generated from operating activities		**201,451**	208,424
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(94,943)**	(221,055)
Proceeds from disposal of property, plant and equipment		**2,095**	-
Long-term investments		**(1,509)**	-
Net cash used in investing activities		**(94,357)**	(221,055)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		**(30,437)**	13,666
Short-term financing		**(17,160)**	(7,465)
		(47,597)	6,201
Net increase / (decrease) in cash and cash equivalents		**59,497**	(6,430)
Cash and cash equivalents at the beginning of the year		**26,756**	33,186
Cash and cash equivalents at the end of the year	14	**86,253**	26,756

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

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

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

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Total
		Share premium	Un appropriated profit	Total
	(Rupees in '000')			
Balance as at June 30, 2017	387,717	13,424	387,404	788,545
Profit for the year	-	-	80,176	80,176
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	80,176	80,176
Balance as at June 30, 2018 (As originally stated)	**387,717**	**13,424**	**467,580**	**868,721**
Adjustment on initial application of IFRS 9 for expected credit losses as at July 01, 2018 (Note 3.1.2)	-	-	**(23,547)**	**(23,547)**
Adjusted balance as at July 01, 2018	**387,717**	**13,424**	**444,033**	**845,174**
Transaction with owner of the Company				
Bonus share issued	112,283	(13,424)	(98,859)	-
Profit for the year	-	-	39,937	39,937
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	39,937	39,937
Balance as at June 30, 2019	**500,000**	**-**	**385,111**	**885,111**

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

PRASS

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

1. THE COMPANY AND ITS OPERATIONS

Supernet Limited (the Company) was incorporated in Pakistan on March 14, 1995 as an unquoted public company under the Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017). The Company is a wholly owned subsidiary of Telecard Limited (the Holding Company).

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

The registered office of the Company is located at World Trade Centre, 75-East Blue Area, Fazal-ul-Haq Road, Islamabad. The principal place of business of the Company is located at World Trade Centre, 10, Khayaban-e-Roomi, Clifton, Karachi while its regional office is located at 2nd Floor, Block 2, Awami complex, New Garden town, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting 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.

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

2.2 Accounting convention

These 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 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.

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2.4 Standards, interpretations and amendments to approved accounting standards

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

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

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

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

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

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

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

Standards

IFRS 14 Regulatory Deferral Accounts
IFRS 17 Insurance Contracts

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

2.4.2 Standards, amendments and interpretations adopted during the year

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

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

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

2.5 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of fixed and intangible assets	4.1, 5 & 6
Impairment of fixed assets & intangible assets	4.1, 5 & 6
Provisions for doubtful debts and other receivables	4.5, 11 & 12
Recognition of tax and deferred tax	4.15, 9 & 29
Other provisions and contingent liabilities	4.10 & 22

3. CHANGES IN ACCOUNTING POLICIES

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

3.1 IFRS-9 'Financial Instruments' :

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

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

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

3.1.1 Classification and measurement

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

			---------------Rs. In (000)-------------		
	As at July 01, 2018				
	Measurement category		Carrying amount		
Non-current assets	**IAS 39**	**IFRS 9**	**Previous**	**New**	**Difference**
Long-term deposits	Loans and receivables	Amortised cost	36,946	36,946	-
Current assets					
Trade debts*	Loans and receivables	Amortised cost	1,131,611	1,108,064	23,547
Deposits	Loans and receivables	Amortised cost	51,890	51,890	-
Other receivables	Loans and receivables	Amortised cost	276,884	276,884	-
Bank balances	Loans and receivables	Amortised cost	26,756	26,756	-
Non-current liabilities					
Long-term financing	Amortised cost	Amortised cost	88,625	88,625	-
Current liabilities					
Trade and other payables	Amortised cost	Amortised cost	1,079,373	1,079,373	-
Accrued mark-up	Amortised cost	Amortised cost	5,901	5,901	-
Short-term financing	Amortised cost	Amortised cost	194,923	194,923	-

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

3.1.2 Impairment of financial assets:

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

The Company has applied modified retrospective approach for the purpose of recognition of loss allowance on its trade receivables. The result of application of the new model has resulted in loss allowance amounting to Rs. 23.547 million as an adjustment to the retained earnings as at July 01, 2018.

	------------Rs. in (000)------------		
	As at July 01, 2018		
	As restated under IFRS 9	**As previously reported under IAS 39**	**Decrease**
Trade debts	1,108,064	1,131,611	(23,547)
Unappropriated profit	444,033	467,580	(23,547)

3.2 IFRS 15 'Revenue from Contracts with Customers':

The said standard became applicable for annual period beginning on or after July 01, 2018 as notified by SECP through SRO 1007(I)/2017 dated October 04, 2017 and has been fully adopted by the Company during the year. IFRS 15 replaces the provisions of IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations.

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

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

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

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

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

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

	---------Rs. in (000)------------		
LIABILITIES	**IFRS 15**	**Previous**	**Increase / (Decrease)**
Current liabilities			
Trade and other payable	200	-	200
Contractual liability to franchisees	-	200	(200)
Advances from franchisees			
Contractual liability to customers	44,417	-	44,417
Advance from customers	-	44,417	(44,417)

[illegible]

4. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

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

4.1 Fixed assets

4.1.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Subsequent costs, if reliably measureable, are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to profit or loss account during the period in which they are incurred.

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

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

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

Capital work-in-progress

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

Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to profit or loss account.

The related rental obligations, net of finance costs, are included in liabilities. The liabilities are classified as current and non-current depending upon the timing of the payment.

Depreciation is charged at the rates specified in note 5 to these financial statements and is written off asset over its estimated useful life.

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4.2 **Intangible assets and amortisation**

These are carried at cost less accumulated amortisation, and 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 6 to these financial statements, and is charged to profit or loss account. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

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

4.3 **Investments**

Subsidiary companies

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

4.4 **Communication stores**

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

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

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

4.5 **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.

4.6 **Loans and advances**

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

4.7 **Cash and cash equivalents**

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

4.8 **Trade and other payables**

Liabilities for 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.

PRADS

4.9 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.

4.10 Provisions

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

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

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

4.11.1 Initial measurement of financial assets

The Company classified its financial assets into the following categories:

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

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

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

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

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

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

4.11.2 Subsequent measurement

Financial assets are subsequently classified into the following categories:

a) Financial assets at amortised cost

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

PRAYS

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

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

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

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

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

4.11.3 Derecognition of financial assets

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

4.11.4 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.

4.11.5 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.

PRASS

4.12 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.

4.13 Loss allowance for ECL / impairment

Financial assets

The Company assesses on a forward-looking basis the Expected Credit Loss (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.

4.14 Employees' benefits

Gratuity fund

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

Provident fund

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

PRAYS

4.15 Taxation

Current

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

Deferred

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

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

4.16 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.

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

- 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.
- Return on bank balances is accrued using an effective interest method.

4.18 Dividend and other appropriation of reserves

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

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4.19 Earnings per share

The Company presents basic and diluted earnings per share data 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

4.20 Related party transactions

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

Following are the related parties of the company:

Name of related party	Basis of relationship	% of share holding
Telecard Limited	Holding company	100%
Supernet E-Solutions (Private) Limited	Fully owned subsidiary company	100%
Supernet Secure Solutions (Private) Limitec	Subsidiary company	80%
Phoenix Global ZSE	Fully owned subsidiary company	100%
Telegateway Limited	Fully owned subsidiary	-
Nexus Communication (Private) Limited	Fully owned subsidiary of Holding company	-
Glitz Communication (Private) Limited	Fully owned subsidiary of Holding company	-
Globetech Communication (Private)		-
Limited	Fully owned subsidiary of Holding company	-
Arfeen International (Private) Limited	By the virtue of common directorship	-
Envicrete Limited	By the virtue of common directorship	-
Grand Leisure Corporation Limited	By the virtue of common directorship	-
IIL (Private) Limited	By the virtue of common directorship	-
Chaman Investment (Private) Limited	By the virtue of common directorship	-
World Trade Center (Private) Limited	By the virtue of common directorship	-
Total Telecom Limited	By the virtue of common directorship	-
Port Grand Limited	By the virtue of common directorship	-
Mr. Shams ul Arfeen	Key management personnel	-
Mr. Syed Hashim Ali	Key management personnel	-
Mr. Waseem Ahmad	Key management personnel	-
Mr. Naueen Ahmed	Key management personnel	-
Syed Imran Hyder Jafri	Key management personnel	-

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	Note	June 30, 2019	June 30, 2018
		------- (Rupees in '000') -	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**349,891**	363,456

5.1 Operating fixed assets

	Note	Cost: As at July 01, 2018	Cost: Additions	Cost: Disposal	Cost: As at June 30, 2019	Accumulated depreciation: As at July 01, 2018	Accumulated depreciation: Charge for the year	Accumulated depreciation: Disposal	Accumulated depreciation: As at June 30, 2019	WDV as at June 30, 2019	Depreciation rate per annum %
		---(Rupees in '000')---									
Owned assets											
Leasehold improvements	5.2	35,947	-	-	35,947	21,607	4,261	-	25,868	10,079	20
Communication equipments	5.3	1,530,373	90,307	-	1,620,680	1,235,644	89,391	-	1,325,035	295,645	20
Furniture, fixtures and office equipments		47,572	437	-	48,009	30,304	2,970	-	33,274	14,735	10
Computers and accessories		50,493	1,919	-	52,412	45,484	3,114	-	48,598	3,814	33
Motor vehicles		15,185	2,280	(3,344)	14,121	13,986	1,617	(3,344)	12,259	1,862	20
Leased assets											
Plant and equipment		35,775	-	-	35,775	4,864	7,155	-	12,019	23,756	20
June 30, 2019		**1,715,345**	**94,943**	**(3,344)**	**1,806,944**	**1,351,889**	**108,508**	**(3,344)**	**1,457,053**	**349,891**	

PRAMS

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

	Note	Cost			Accumulated depreciation			WDV as at June 30, 2018	Depreciation rate per annum %
		As at July 01, 2017	Additions/ transfers*	As at June 30, 2018	As at July 01, 2017	Charge for the year	As at June 30, 2018		
		(Rupees in '000')							
Owned assets									
Leasehold improvements	5.2	23,717	12,230	35,947	18,276	3,331	21,607	14,340	20
Communication equipments	5.3	1,348,432	181,941	1,530,373	1,162,233	73,411	1,235,644	294,729	20
Furniture, fixtures and office equipments		46,141	1,431	47,572	27,399	2,904	30,304	17,268	10
Computers and accessories		46,743	3,750	50,493	42,372	3,111	45,484	5,009	33
Motor vehicles		15,185	-	15,185	12,147	1,839	13,986	1,199	20
Leased assets									
Plant and equipment		6,493	29,282	35,775	769	4,095	4,864	30,911	20
June 30, 2018		1,486,711	228,634	1,715,345	1,263,196	88,691	1,351,889	363,456	

5.2 This represents transfer from capital work-in-progress amounting to Rs. nil (2018: 12.230) million.

5.3 Equipment, costing Rs. 893.775 (2018: Rs. 842.215) million, having a net book value of Rs. 219.240 (2018: Rs. 175.558) million are in the possession of the customers of the Company in the ordinary course of business.

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000')	
5.4 Depreciation for the year has been allocated as follows:			
Cost of services	24	**89,391**	73,411
Administrative expenses	25	**19,117**	15,280
		108,508	88,691

5.5 The cost of fully depreciated assets as at June 30, 2019 is 1,205.47 (2018: 1,163.88) million.

PRASS

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000')	
6. INTANGIBLE ASSETS			
Computer software	6.1	**240**	500

6.1 Computer software

	Cost			Accumulated amortisation				
	As at July 01, 2018	Additions	As at June 30, 2019	As at July 01, 2018	For the year	As at June 30, 2019	WDV as at June 30, 2019	Amortisation rate per annum %
	(Rupees in '000')							
Computer software as at June 30, 2019	**39,776**	**-**	**39,776**	**39,276**	**260**	**39,536**	**240**	**20**
Computer software as at June 30, 2018	39,776	-	39,776	39,016	260	39,276	500	20

PRAJ

	Note	June 30, 2019	June 30, 2018
		------ (Rupees in '000') ------	
7. LONG-TERM INVESTMENTS			
Subsidiary companies - at cost - unquoted			
Supernet-E-Solutions (Private) Limited	7.1	**100**	-
Supernet Secure Solutions (Private) Limited	7.2	**800**	-
Phoenix Global FZE	7.3	**609**	-
		1,509	-

7.1 This represents Company's investment in 100% equity shares of Supernet-E-Solutions (Private) Limited. The Company holds 10,000 (2018: Nil) ordinary shares of Rs. 10 each. The break-up value per share based on unaudited financial statements for the year ended June 30, 2019 is Rs. 505.46 per share.

7.2 This represents Company's investment in 80% equity shares of Supernet Secure Solutions (Private) Limited. The Company holds 80,000 (2018: Nil) ordinary shares of Rs. 10 each. The break-up value per share based on unaudited financial statements for the year ended June 30, 2019 is nil .

7.3 This represents Company's investment in 100% equity shares of Phoenix Global FZE. The Company holds 8 (2018: Nil) ordinary shares of AED 1,000 each. The break-up value per share based on unaudited financial statements for the year ended 30 June 2018 is nil.

7.3.1 Disclosure required under Companies Act, 2017

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

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
8. LONG-TERM DEPOSITS		
Security deposits - considered good		
Deposit to foreign satellite bandwidth providers	**23,476**	23,476
China Orient Telecom Satellite Company Limited	**6,509**	6,473
ABS Global Middle East	-	6,902
Others long-term deposits	**95**	95
	30,080	36,946

PRAYS

	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000') -----	
9. DEFERRED TAXATION			
Accelerated accounting depreciation		**1,994**	1,886
Deferred liability - staff gratuity		**830**	830
Finance lease obligations & diminishing musharaka		**3,048**	-
Provisions		**34,315**	27,486
		40,187	30,202
Deferred tax not recognised	9.1	**(9,985)**	-
		30,202	30,202

9.1 Being prudent and based on future projections, the Company has not recognised deferred tax asset amounting to Rs. 9.985 million (2018: nil).

	Note	June 30, 2019	June 30, 2018
		----- (Rupees in '000') -----	
10. COMMUNICATION STORES			
Stores		**109,501**	110,461
Provision against slow moving stores		**(10,743)**	(10,743)
		98,758	99,718
Consumables		**29,393**	21,993
		128,151	121,711
11. TRADE DEBTS			
Unsecured-considered good			
Related parties	11.1	**11,132**	75,080
Others		**1,040,367**	1,056,531
		1,051,499	1,131,611
Considered doubtful trade debts	11.2	**105,144**	81,597
Loss allowance for ECL		**(105,144)**	(81,597)
		-	-
		1,051,499	1,131,611

11.1 Related parties

Telecard Limited - Holding Company		**-**	66,392
Grand Leisure Corporation (Private) Limited		**1,587**	567
Arfeen International (Private) Limited		**737**	443
Envicrete Limited		**385**	3
Supernet E-solutions (Private) Limited		**8,423**	7,675
		11,132	75,080

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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, 2019	June 30, 2018
	----- (Rupees in '000') -----	
Telecard Limited - Holding Company	-	66,392
Grand Leisure Corporation (Private) Limited	**1,587**	626
Arfeen International (Private) Limited	**737**	443
Envicrete Limited	**385**	23
Supernet E-Solutions (Private) Limited	**8,423**	7,675

11.2 Loss allowance for ECL

Opening balance	**81,597**	81,597
Recognition of loss allowance under transition provision of IFRS 9	**23,547**	-
Adjusted opening balance as at July 01, 2018	**105,144**	81,597
Loss allowance charged for the year	-	-
	105,144	81,597

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

	Total	Neither past due nor impaired	Past due but not impaired: > three months up to one year	Past due but not impaired: Above one year
	---------- Rupees in '000' ----------			
Related parties	**11,132**	-	**8,664**	**2,468**
Others	**1,040,367**	**103,206**	**410,147**	**527,014**
June 30 ,2019	**1,051,499**	**103,206**	**418,811**	**529,482**
Related parties	75,080	-	7,753	67,327
Others	1,056,531	262,712	96,716	697,103
June 30 ,2018	1,131,611	262,712	104,469	764,430

PRAS

	Note	June 30, 2019	June 30, 2018
		------ (Rupees in '000') ------	
12. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances - considered good, unsecured			
Employees - against expenses and projects		**66,544**	12,196
Suppliers		**35,385**	54,678
		101,929	66,874
Deposits - considered good			
Earnest money		**21,260**	13,539
Margin against guarantee		**6,726**	36,401
Others		**2,040**	1,950
		30,026	51,890
Considered doubtful deposits		**2,441**	2,441
Loss allowance against deposits considered doubtful		**(2,441)**	(2,441)
		-	-
		30,026	51,890
Prepayments			
Rent		**2,212**	2,346
Subscription		**507**	507
Others		**247**	393
		2,966	3,246
		134,921	122,010
13. OTHER RECEIVABLES	Note		
Considered good			
Current accounts with related parties	13.1	**188,985**	267,208
Insurance claim		**2,882**	3,138
Income tax refundable	13.2	**2,991**	2,991
Accrued mark-up from related parties		**2,216**	2,216
Others		**4,303**	4,322
		201,377	279,875
13.1 Current accounts with related parties			
Telecard Limited - Holding Company		**183,419**	261,252
Supernet E-Solutions (Private) Limited		**4,847**	4,847
Grand Leisure Corporation (Private) Limited		**719**	719
Arfeen International (Private) Limited		**-**	390
		188,985	267,208

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

PRATS

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

	June 30, 2019	June 30, 2018
	----- (Rupees in '000') -----	
	261,252	261,252
	4,847	4,847
	719	719
	390	390

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

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
14. BANK BALANCES		
In current accounts		
Local currency	**26,933**	1,854
Foreign currency	**3,657**	4,639
	30,590	6,493
In saving account		
Local currency	**55,663**	20,263
	86,253	26,756

14.1 This carries mark-up at the rate, ranging between 3.34% to 5.90% (2018: 3.34% to 3.80%) per annum.

	Note	June 30, 2019	June 30, 2018
		--------- (Rupees in '000') ---------	
15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
50,000,000 (2018: 38,771,690 of Rs 10 each) ordinary shares of Rs.10 each			
33,550,410 allotted as fully paid in cash		**335,504**	335,504
5,221,280 allotted as bonus shares		**52,213**	52,213
11,228,310 allotted as bonus shares during the year	15.2	**112,283**	-
		500,000	387,717

PRMS

15.1 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, all shares of the Company are held by the Holding Company.

15.2 During the year, the Company issued 11.228 million bonus shares of Rs. 10 each. The board of directors approved the aforementioned issue on October 26, 2018. All shares were subscribed by the Holding company.

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000')	
16. LONG-TERM FINANCING			
Secured			
Term finance facility	16.1	**85,938**	125,000
Diminishing musharaka	16.2	**9,500**	15,500
Finance lease obligation	16.3	**1,009**	3,041
		96,447	143,541
		(38,259)	(54,916)
		58,188	88,625

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

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

16.3 **Finance lease obligation**

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

	June 30, 2019		June 30, 2018	
	Minimum lease payments	Present Value	Minimum lease payments	Present value
	Rs. in '000'			
Due within one year	**1,066**	**1,009**	2,293	2,041
Due after one year but not later than 5 years	-	-	1,038	1,000
Total minimum lease payments	**1,066**	**1,009**	3,331	3,041
Amount representing finance charges	**(57)**	-	(290)	-
Present value of minimum lease	**1,009**	**1,009**	3,041	3,041
Current portion - present value	**(1,009)**	**(1,009)**	(2,041)	(2,041)
	-	-	1,000	1,000

PRADS

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

			June 30, 2019	June 30, 2018
			------ (Rupees in '000') ------	
17	**DEFERRED LIABILITY**			
	Staff gratuity		**2,861**	2,861
18.	**TRADE AND OTHER PAYABLES**			
	Trade, unsecured			
	Creditors		**377,964**	475,501
	Telecard Limited - Holding Company		**205,087**	460,947
	IIL (Private) Limited - related party		**27,101**	27,101
			610,152	963,549
	Other payables			
	Contractual liability to franchisees		**200**	200
	Accrued liabilities		**365,167**	80,742
	Provision against compensated absences		**3,234**	3,234
	Royalty to Pakistan Telecommunication Authority (PTA)		**3,259**	4,051
	Workers' welfare fund payable		**2,782**	2,782
	Payable to employees' provident fund		**1,755**	1,585
	Others		**27,924**	23,430
			404,321	116,024
			1,014,473	1,079,573
19.	**ACCRUED MARK-UP**			
	On secured			
	On long-term financing		**3,214**	2,784
	On short-term financing		**6,575**	3,117
			9,789	**5,901**
20.	**CONTRACTUAL LIABILITY TO CUSTOMERS**			
	Telenor LDI Communication (Private) Limited		**35,545**	35,545
	Pakistan Mobile Communication Limited		**8,872**	8,872
			44,417	44,417
21.	**SHORT-TERM FINANCING**			
	Running finance from bank – secured	21.1	**139,504**	140,007
	Current maturity of long-term financing:			
	Term-finance - overdue instalments		**-**	15,625
	Term-finance - current maturity		**31,250**	31,250
	Finance lease obligation		**1,009**	2,041
	Diminishing musharaka		**6,000**	6,000
			38,259	54,916
			177,763	194,923

PRADS

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

22. CONTINGENCIES & COMMITMENTS

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

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

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

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

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

22.6 Letters of guarantee, amounting to Rs. 46.194 (2018: Rs. 41.422) million, have been issued by commercial banks on behalf of the Company.

PRA 33

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

23. REVENUE - NET

	Note	June 30, 2019	June 30, 2018
Services			
Data networking		**2,643,689**	2,320,382
Sale of equipment		**23,802**	109,089
Turnkey projects		**198,422**	21,608
		2,865,913	2,451,079

24. COST OF SERVICES

	Note	June 30, 2019	June 30, 2018
Salaries and other benefits	24.1	**171,783**	215,108
Interoperator services cost	24.2	**1,775,069**	1,296,329
Cost of turnkey projects		**140,203**	22,207
Communication stores consumed	24.3	**16,809**	62,001
Consultancy charges		**7,597**	5,800
Support services		**34,285**	42,868
Depreciation	5.4	**89,391**	73,411
Insurance		**4,094**	6,103
Installation and maintenance		**53,175**	49,617
Royalty to PTA	24.4	**5,372**	4,051
Conveyance and travelling		**7,316**	11,133
Rent and utilities		**2,512**	3,136
Communication		**2,809**	2,992
Repairs and maintenance		**1,020**	1,298
Office supplies		**741**	-
Others		**34,525**	19,933
		2,346,701	1,815,987

24.1 This includes a sum of Rs. 4,631 (2018: Rs. 4,193) million in respect of Company's contribution toward provident fund.

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

24.2 Interoperator services cost

	June 30, 2019	June 30, 2018
Other than satellite bandwidth charges	**155,059**	186,184
Satellite bandwidth charges	**1,620,010**	1,110,145
	1,775,069	1,296,329

24.3 Communication stores consumed

	June 30, 2019	June 30, 2018
Opening balance	**121,710**	161,254
Purchases	**23,250**	22,458
Closing balance	**(128,151)**	(121,711)
	16,809	62,001

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

PRA 33

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

25. ADMINISTRATIVE EXPENSES

	Note	June 30, 2019	June 30, 2018
Salaries and other benefits	25.1	**134,209**	97,475
Rent and utilities		**46,026**	57,453
Insurance		**2,275**	3,388
Depreciation	5.4	**19,117**	15,280
Amortisation	6.1	**260**	260
Legal and professional charges		**802**	666
Repairs and maintenance		**9,226**	11,756
Conveyance and travelling		**4,283**	6,519
Office supplies		**741**	482
Subscription		**846**	1,544
Auditors' remuneration	25.2	**495**	495
Communication		**3,069**	3,268
Entertainment		**1,375**	1,219
Others		**6,024**	3,527
		228,748	203,332

25.1 This includes a sum of Rs. 1,818 (2018: Rs.1,646) million in respect of Company's contribution toward provident fund.

	Note	June 30, 2019	June 30, 2018
		------ (Rupees in '000') ------	
25.2 Auditors' remuneration			
Audit fee		**400**	400
Out of pocket expenses		**95**	95
		495	495

26. DISTRIBUTION COSTS

	Note	June 30, 2019	June 30, 2018
Salaries and other benefits	26.1	**152,660**	110,875
Conveyance and travelling		**5,347**	8,139
Office supplies		**741**	482
Repairs and maintenance		**24**	31
Advertisement and promotion		**1,224**	3,472
Communication		**178**	188
Entertainment		**228**	201
Utilities		**317**	395
Others		**159**	94
		160,878	123,877

26.1 This includes a sum of Rs. 2,068 (2018: Rs. 1,872) million in respect of Company's contribution toward provident fund.

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	Note	June 30, 2019	June 30, 2018
		------ (Rupees in '000') ------	
27. OTHER INCOME			
Income from financial assets			
Income on saving accounts		**2,347**	1,499
Credit note	**27.1**	**265,235**	-
Income from non-financial assets			
Gain on disposal of property, plant and equipment		**2,095**	-
Other income		**536**	46
		270,213	1,545

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

	Note	June 30, 2019	June 30, 2018
		------ (Rupees in '000') ------	
28. FINANCE COSTS			
Mark-up on:			
Long-term financing		**13,124**	11,579
Short-term financing		**16,352**	12,091
Finance lease obligation		**642**	453
Bank charges and commission		**3,856**	2,809
		33,974	26,932
29. TAXATION			
Current		**230,588**	184,284
Prior		**1,475**	(957)
Deferred		**-**	(9,230)
		232,063	174,097

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

29.2 The income tax assessments of the Company have been finalised up to and including the tax year 2018, except for tax year in respect of which, appeals are currently in progress at different forums (note 22.3 & 22.4).

PRAYS

30. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share has been computed by dividing the profit for the period after taxation by the weighted average number of shares outstanding during the period.

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
Profit for the year - (Rupees in '000')	**39,937**	80,176
Weighted average number of shares	**50,000**	50,000
Earnings per share - (Rupees)	**0.80**	**1.60 ***

* Has been restated to include the impact of bonus shares issued during the year.

30.1 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.

31. CASH GENERATED FROM OPERATIONS

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
Profit before taxation	**272,000**	254,273
Adjustments for non - cash charges and other items:		
Depreciation	**108,508**	88,691
Amortisation	**260**	260
Unrealised exchange loss	**20,391**	28,223
Gain on disposal of property, plant and equipment	**(2,095)**	-
Credit note	**(265,235)**	-
Finance cost	**33,974**	26,932
Working capital changes	**302,317**	25,829
	470,120	424,208

31.1 Working capital changes

	June 30, 2019	June 30, 2018
Increase/(decrease) in current assets		
Long-term deposits	**6,866**	(3,448)
Communication stores	**(6,440)**	39,543
Trade debts	**86,845**	(83,334)
Advances, deposits and prepayments	**(12,911)**	5,075
Other receivables	**78,498**	(50,583)
	152,858	(92,747)
Increase in current liabilities		
Trade and other payables	**149,459**	154,115
Contractual liability to customers	**-**	(35,539)
	302,317	25,829

PRA 23

32. 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.

32.1 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 as at reporting date.

32.1.1 Interest rate risk

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

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs. 1.803 (2018: Rs. 2.635) million and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitive analysis.

32.1.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates.

Management of the Company estimates that if Pakistani rupee had weakened / strengthened by 1% against US$ with all other variable held constant, profit before tax for the year would have been higher / lower by Rs.4.408 (2018: 1.460) million. However, in practice, the actual results may differ from the sensitively analysis.

32.1.3 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, 2019, the Company is not exposed to equity price risk.

32.2 Credit risk

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

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
Long-term investments	**1,509**	-
Long-term deposits	**30,080**	36,946
Trade debts	**1,051,499**	1,131,611
Deposits	**30,026**	51,890
Other receivables	**198,386**	276,884
Bank balances	**86,253**	26,756
	1,396,243	**1,524,087**

PRASS

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company 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.

32.2.1 Bank balances

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

Name of banks	Agency	Ratings		As at June 30, 2019	As at June 30, 2018
		Long-term	Short-term		
Habib Metro Bank Limited	PACRA	AA+	A-1+	**55,647**	**20,109**
Bank Islami Pakistan Limited	PACRA	A+	A-1	**339**	**339**
Habib Bank Limited	JCR-VIS	AAA	A-1+	**1,970**	**734**
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A-1+	**12,909**	**308**
National Bank of Pakistan	PACRA	AAA	A-1+	**11,711**	**471**
MCB Bank Limited	PACRA	A	A-1	**21**	**156**
Silk bank Limited	JCR-VIS	A-	A-2	**3,656**	**4,639**
				86,253	**26,756**

32.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to follow effective cash management and planning policy to ensure the availability of funds through committed credit facilities. The Company regularly monitors the credit exposure towards the customers and make allowance for ECLs against doubtful balances. At the date of statement of financial position the Company has unavailed credit facilities. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	--------	--------	Rs. in '000'	--------	--------
Long-term financing	-	-	-	58,188	58,188
Short-term financing	139,504	9,313	39,259	-	177,763
Trade and other payables	-	446,280	-	567,993	1,014,273
Accrued mark-up	-	9,789	-	-	9,789
June 30, 2019	**139,504**	**465,382**	**39,259**	**626,181**	**1,260,013**
Long-term financing	-	-	-	88,625	88,625
Short-term financing	140,007	9,825	29,466	15,625	194,923
Trade and other payables	-	474,924	-	604,449	1,079,373
Accrued mark-up	-	5,901	-	-	5,901
June 30, 2018	140,007	490,650	29,466	708,699	1,368,822

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

PRASS

32.4 Fair value of financial instruments

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

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

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

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

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

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

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

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

32.5 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, 2019	**June 30, 2018**
	------ (Rupees in '000') ------	
Total debt	**235,951**	283,548
Cash & cash equivalent	**(86,253)**	(26,756)
	149,698	256,792
Total equity	**885,111**	868,721
Total debt and equity	**1,034,809**	1,125,513
Gearing ratio	**14.47%**	22.82%

PRA

33. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

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

	Chief Executive Officer		Executives	
	2019	2018	2019	2018
	(Rupees in '000')			
Managerial remuneration	**9,860**	9,753	**199,701**	187,175
Medical	**52**	53	**1,181**	725
Perquisites and benefits	**6,280**	6,243	**178,965**	161,249
Others	**808**	807	**12,330**	11,340
	16,820	16,856	**392,177**	360,489
Number of person	**1**	1	**32**	30

34. 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 33 to these financial statements are as under:

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

Name	Nature of transaction	June 30, 2019	June 30, 2018
		(Rupees in '000')	
Relationship: Holding company			
Telecard Limited	Services rendered	64	-
	Services received	769	6,368
	Advance repaid by the Holding Company	540,071	287,336
	Advance given to the Holding Company	458,015	278,228
Relationship: Entities having directors in common with the Company			
Supernet E-Solutions	Services received	5,712	2,712
(Private) Limited	Services rendered	1,103	1,324
Arfeen International (Private) Limited	Services rendered	882	1,104
Envicrete Limited	Services rendered	276	524
World Trade Center (Private) Limited	Services rendered	405	-
	Services received	26,123	-

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

PRAS

35. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2019 (Un-audited)	June 30, 2018 (Audited)
		-- (Rupees in '000') --	
Size of the fund - Total assets		**88,777**	79,027
Cost of the investment made		**58,676**	60,707
Fair value of investments	35.1	**62,648**	63,097
Percentage of investments made		**70.57%**	79.84%

35.1 52% (2018: 48%) of the total asset of the Fund is the share of employees of the Company.

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

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

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

36. NUMBER OF EMPLOYEES

	June 30, 2019	June 30, 2018
	------ (Rupees in '000') ------	
Total employees of the Company at the year end	**412**	406
Average employees of the Company during the year	**400**	395

37. CORRESPONDING FIGURES

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

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

38. AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 08-Oct 2019 by the board of directors of the Company.

39. GENERAL

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

PRAD

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