Contents

Company Information:

Board of Directors	Mr. Sultan ul Arfeen (Chairman) Mr. Shams ul Arfeen Syed Aamir Hussain (CEO) Mr. Tipu Saeed Khan Mr. Hissan ul Arfeen Mr. Waseem Ahmad Syed Hashim Ali
Board Audit Committee	Mr. Hissan ul Arfeen (Chairman) Mr. Sultan ul Arfeen Mr. Shams ul Arfeen
Human Resource & Remuneration Committee	Mr. Hissan ul Arfeen (Chairman) Mr. Shams ul Arfeen Syed Aamir Hussain (CEO)
Chief Executive Officer	Syed Aamir Hussain
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Syed Hashim Ali
Auditors	Parker Randall-A.J.S Chartered Accountants
Company Secretary	Mr. Waseem Ahmad
Bank	Bank Islami Pakistan Ltd. Standard Chartered Bank (Pakistan) Ltd Deutsche Bank - AG NIB Bank Ltd. Faysal Bank Limited National Bank of Pakistan Silk Bank Limited Summit Bank Limited
Registrar and Share Transfer Office	Jwaffs Registrar Services Pvt Ltd. 407-408, 4th Floor, Al Ameera Centre, Shahra-e- Iraq, Karachi
Registered Office	3rd Floor, World Trade Centre, 75 East Blue Area Fazal ul Haq Road, Islamabad, Pakistan
Corporate Office	7th Floor, World Trade Centre, 10 Khayaban-e-Roomi, Clifton, Karachi. Pakistan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of the Company will be held on 31 October 2016 at 1200 hours, at 3rd Floor, 75 East Blue Area, Fazal-ul-Haq Road, Islamabad to transact the following business.

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 30 October 2015.

2. To receive, consider and adopt Annual Audited Financial Statement of the Company together with the Director and the Auditors' report thereon for the year ended June 30 2016, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30 2016.

3. To appoint external auditors of the Company for the year ended June 30 2017 and fix their remuneration, present Auditors M/s Parker Randall-A.J.S., Chartered Accountants are retiring and being eligible offer themselves for reappointment.

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

By order of the Board

Waseem Ahmad
Company Secretary

Notes 10 October 2016

1. The Members Register will remain closed from the 24 October 2016 to 31 October 2016 (both days inclusive). Transfer received in order by Shares Registrar, Jwaffs Registrar Services (Pvt.) Limited, 407-408, 4th Floor, Al Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business on 23 October 2016 will be considered in time for attending the meeting.

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

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

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

5. Shareholders are requested to notify the Registrar as aforesaid of any change in their address.

6. Members who are holding share in physical folios are requested to submit a copy of their CNIC at the office of our Registrar.

Directors’ Report

The Board of Directors of Telecard Limited is pleased to present the Annual Report, audited financial statements and review of your Company's performance for the year ended 30 June 2016.

Review of Current Operations

The revenue for the year ended 30 June 2016 was Rs. 1.004 billion as against the revenue of Rs. 1.055 billion for the corresponding financial year. The overall decrease in revenue is directly attributable to the decline in international incoming traffic. Direct cost of your Company was 8% higher when compared with similar preceding financial year due to resumption of Company's own Long Distance International network. Company has posted Gross Profit of Rs. 161.579 million compared to a Gross Profit of Rs. 277.176 million in 2015.

The administrative and distribution cost was 33% higher when compared with the corresponding financial year due to provisions against other receivables. Finance cost for the year under review was 69% lower when compared with the preceding financial year due to repayment of debts, renegotiations of financing rate and restructuring of Term Finance Certificates. Despite, reduced top line revenue the Company has posted a profit before taxation for Rs. 141.726 million against a loss before taxation of Rs. 23.467 million during the corresponding financial year. The profit per share stood at Rs. 0.17 compared to a loss of Rs. (0.13) last time.

On a consolidated basis the total revenue was Rs. 2.755 billion compared to Rs. 2.644 billion in the preceding financial year resulting in net profit of Rs. 52.211 million with a net profit of Rs. 13.895 million in the comparative time frame.

Corporate Strategy and Future Outlook

Within the last few years owing to intense competition in the telecom industry, your Company has made inroads in the segment of Enterprise Sales (ES). The Company is pleased to report that it has made 12% growth on a year-on-year basis in this domain, which is mainly attributable to inclusion of new corporate customers. This will remain the focus of the Company in the next 12-24 months.

Efforts are underway to aggressively addressing cost reductions, including considerable restructuring around outsourcing and controlled headcount. The business will continue its focus on delivering value to its stakeholders through a much leaner organization.

Term Finance Certificate

Your Company successfully restructured the Term Finance Certificates, and post restructuring, the Company is determined to discharge its liability towards its TFC Holders in an efficient and timely manner. However, the Commission has raised certain queries over restructuring which are being addressed accordingly. The Company is diligently pursuing the matter at hand.

Subsidiary Companies

Supernet Limited performance during 2016 was on an upward trend. It posted total revenue of Rs. 1.905 billion as compared to Rs. 1.735 billion in 2015. Net profit stood at Rs. 3.545 million for the year, decreased by 93% in comparison with preceding year ’ s profit of Rs. 53.591 million owing to decrease in sale of equipment. During the year, Telecard E Solutions (Pvt.) Limited posted revenue of Rs. 47.666 million and Gross profit of Rs. 27.760 million in comparison to the revenue of Rs. 43.077 million and Gross Profit of Rs. 21.108 million in the last financial year respectively. Telegateway Limited in the fourth year of its operations has posted revenue of Rs. 8.962 million as against Rs. 22.770 million in the last financial year and Gross Profit of Rs. 2.424 million against Gross Profit of Rs. 8.379 million last year. Other subsidiaries namely Telecard Asia (UK) Limited, Nexus Communication (Pvt) Limited, Globetech Communication (Pvt) Limited, Glitz Communication (Pvt) Limited have yet to start their operations.

Transfer Pricing

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

Directors Declaration on Corporate and Financial Reporting Framework

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

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

ii Proper books of accounts of Telecard Limited have been maintained.

iii Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v The system of internal control is sound in design and has been effectively implemented and monitored.

vi There is no doubt at all upon Telecard's ability to continue as a going concern.

vii The values of investments in employee retirement funds based on the unaudited accounts as of June 30, 2016 is Rs 50.892 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 on page 15.

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, four (4) Board of Directors meetings were held and attended as follows:

Name of Directors	No. of meetings attended
Sultan ul Arfeen	4
Shams ul Arfeen	4
Syed Aamir Hussain	4
Hissan ul Arfeen	2
Tipu Saeed Khan	0
Waseem Ahmad	4
Syed Hashim Ali	4

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

Name of Directors	No. of meetings attended
Hissan ul Arfeen	2
Sultan ul Arfeen	4
Shams ul Arfeen	4

Consolidated Financial Statements

Consolidated Financial Statements of the Company as on 30 June 2016 are annexed.

Auditors

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

Dividends

In view of the challenges ahead, the Company has decided to retain its earnings and hence no dividend has been declared

Pattern of Shareholding

The pattern of shareholding as on 30 June 2016 is annexed to this report.

Staff

We would like to put on record the appreciation for all staff whose dedication and commitment continue to be real asset for your Company. We sincerely thank them for their untiring effort throughout the year, and value their association.

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

Six Year Financial Summary
Financial Analysis

	June 2016 Rupees in '000'	June 2015 Rupees in '000'	June 2014 Rupees in '000'	June 2013 Rupees in '000'	June 2012 Rupees in '000'	June 2011 Rupees in '000'
REVENUE- Net	1,004,902	1,055,999	1,609,679	1,820,203	1,436,288	1,651,617
Direct Cost	(843,322)	(778,823)	(951,434)	(1,223,569)	(1,652,677)	(1,480,673)
Gross Profit/Loss	161,580	277,176	658,245	596,634	(216,389)	170,944
Distribution costs & administrative expenses	(363,966)	(272,885)	(396,294)	(410,425)	(419,630)	(392,128)
Other operating expenses	14,719	(14,508)	(2,678)	(24,684)	(20,303)	(3,298)
Provision for impairment in the value of investment & for other receivables	-	-	(516,942)	(680,630)	-	-
Other income	409,147	148,103	546,831	34,868	35,235	70,293
Liabilities no longer payable written back	-	-	-	-	9,411	548,707
	30,462	(139,290)	(369,083)	(1,080,871)	(395,287)	(223,574)
Operating Profit/(Loss)	192,042	137,886	289,162	(484,237)	(611,676)	394,518
Financial costs	(50,321)	(161,353)	(200,996)	(228,311)	(274,947)	(284,159)
Profit/(Loss) before taxation	141,721	(23,467)	88,166	(712,548)	(886,623)	110,359
Taxation	(91,615)	(15,198)	(18,797)	255,682	277,643	(35,949)
Profit/(Loss) after taxation	50,106	(38,665)	69,369	(456,866)	(608,980)	74,410
Accumulated (Loss)/Profit b/f	(589,744)	(551,079)	(620,448)	(163,582)	445,398	400,988
	(539,638)	(589,744)	(551,079)	(620,448)	(163,582)	475,398
Final dividends @ Rs. 0.10 per Ordinary Share of Rs. 10 each for the year ended June 30, 2010	-	-	-	-	-	(30,000)
	(539,638)	(589,744)	(551,079)	(620,448)	(163,582)	445,398
Earning/(Loss) per share (Rupees)	0.17	(0.13)	0.23	(1.52)	(2.03)	0.25

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1 At present the board includes:

Category	Names
Non-Executive Director	Mr. Sultan ul Arfeen
	Mr. Shams ul Arfeen
	Mr. Hissan ul Arfeen
Executive Director	Syed Aamir Hussain
	Mr. Tipu Saeed
	Mr. Waseem Ahmad
	Syed Hashim Ali

2 The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFI or, being a member of Stock Exchange, has been declared as defaulter by that Stock Exchange.

4 No casual vacancy occurred during the year.

5 The Company has prepared a ‘Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedure.

6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8 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 and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9 This year no Directors Training Program was attended by any Director.

10 During the year Chief Financial Officer (CFO), Syed Hashim Ali was appointed in place of Tipu Saeed Khan. However, any changes to the remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit have been determined by the CEO with the approval of the Board of Directors.

11 The directors' report for the year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.

12 The financial statements of the Company were duly endorsed by CEO and CFO, before approval of the Board.

13 The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14 The company has complied with all the corporate and financial reporting requirements of CCG.

15 The Board has formed an Audit Committee comprising of non-executive directors. Chairman of the Committee is also a non-executive director.

16 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised the committee for compliance.

17 The Board has formed an HR Committee. It comprises three Members; two of whom are non-executive directors and the Chairman of the committee is a non-executive director.

18 The Board has set-up an effective internal audit function.

19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21 The ‘closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchanget.

23 We confirm that all other material principles contained in the CCG have been complied with.

Syed Aamir Hussain
Chief Executive Officer

October 03, 2016

Parker Randall International

Parker Randall-A.J.S.

CHARTERED ACCOUNTANTS

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URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Offices also at Islamabad, Faisalabad, Lahore & UK

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Telecard Limited (the Company) for the year ended June 30, 2016 to comply with the requirements of Regulation 5.19 of Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 reflects the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in paragraphs 1 to 23 where these are stated in the Statement of Compliance;

- Paragraph 9, which describes that no Director of the Company has attended director's training program during the year that meets the criteria prescribed by the Code.
- Paragraph 18, there is no Head of Internal Audit to act as coordinator between the External Auditors and the Board.

Chartered Accountants

Audit Engagement Partner
Muhammad Shabbir Kasbati

Date: October 07, 2016

Place: Karachi

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Telecard Limited (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the Manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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

We further draw attention to the contents of:

i) notes 13.2 (a) to the accompanying financial statements in respect of the lawsuit filed by the Company during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made in the accompanying financial statements for any amount that may not be recoverable;

ii) note 13.2 (b) to the accompanying financial statements with regard to a lawsuit filed by the PTCL against the Company during the year ended June 30, 2002. Pending a final decision, the Company has not made any provision in the accompanying financial statements for the amount claimed by the PTCL;

iii) note 13.3 to the accompanying financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the remaining sum of Rs. 2,379.101 million in the accompanying financial statements; and

iv) notes 26.1 to 26.16 to the accompanying financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying financial statements for any liability that may arise there from;

Our opinion is not qualified in respect of the above matters.

Parker Randall AJS

Chartered Accountants

Audit Engagement Partner: Muhammad Shabbir Kasbati

Date: October 07, 2016

Place: Karachi

TELECARD LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in ‘000’) -------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	701,109	832,841
Intangible assets	5	1,452,258	1,633,775
		2,153,367	2,466,616
Long-term investments	6	341,437	341,437
Long-term deposits	7	53,796	52,452
Deferred taxation	8	291,813	359,335
		2,840,413	3,219,840
CURRENT ASSETS			
Trade debts	9	464,618	222,432
Loans and advances	10	46,187	18,246
Deposits and prepayments	11	38,525	39,777
Accrued mark-up	12	27,855	28,281
Other receivables	13	3,100,442	3,184,173
Taxation – net	14	130,823	124,800
Bank balances	15	6,315	28,775
		3,814,765	3,646,484
TOTAL ASSETS		6,655,178	6,866,324
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorized 400,000,000 (2015: 400,000,000) ordinary shares of Rs.10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital	16	3,000,000	3,000,000
Accumulated loss		(539,638)	(589,744)
		2,460,362	2,410,256
NON-CURRENT LIABILITIES			
Long-term loans	17	187,262	247,387
Redeemable Capital	18	747,036	-
Advance from a Contractor	19	396,619	411,445
Long-term deposits	20	35,268	38,543
Deferred liabilities	21	1,588,447	1,588,610
		2,954,632	2,285,985
CURRENT LIABILITIES			
Trade and other payables	22	1,118,172	951,719
Accrued interest / mark-up	23	65,248	407,848
Short-term borrowing	24	-	51,597
Current maturities of long-term liabilities	25	56,764	758,919
		1,240,184	2,170,083
Contingencies & commitments	26		
TOTAL EQUITY AND LIABILITIES		6,655,178	6,866,324

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

Chief Executive

Director

TELECARD LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in ‘000’) -------	
Revenue – net	27	1,004,902	1,055,999
Direct costs	28	(843,322)	(778,823)
Gross profit		161,580	277,176
Distribution costs & administrative expenses	29	(363,966)	(272,885)
Other operating expenses	30	(14,719)	(14,508)
		(378,685)	(287,393
Other income	31	409,147	(148,103)
		30,462	(139,290)
Operating profit		192,042	137,886
Finance costs	32	(50,321)	161,353
Profit/(Loss) before taxation		141,721	(23,467)
Taxation	33	(91,615)	(15,198)
Net profit/(loss) for the year		50,106	(38,665)
Earnings/(Loss) per share - basic & diluted - (Rupees)	34	0.17	(0.13)

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

Chief Executive

Director

TELECARD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	------- (Rupees in '000') -------	
Net profit/(loss) for the year	50,106	(38,665)
Other comprehensive income	-	-
Total comprehensive income/(loss)	50,106	(38,665)

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

Chief Executive

Director

TELECARD LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	129,400	223,082
Income tax paid		(30,116)	(31,243)
Finance costs paid		(30,984)	(30,535)
Retirement benefits paid		(490)	(2,239)
Liability for long-term deposits		(3,275)	(13,842)
Long-term deposits		(1,344)	3,600
Net cash generated from operating activities		63,191	148,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(20,013)	(11,568)
Proceeds from disposal of property, plant and equipment		664	2,125
Net cash used in investing activities		(19,349)	(9,443)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of redeemable capital		-	(44,595)
Repayment of long-term loans		(14,705)	104,481
Short-term borrowings		(51,597)	(42,160)
Short-term running finances		-	(168,821)
Net cash used in financing activities		(66,302)	(151,095)
Net decrease in cash and cash equivalents		(22,460)	(11,715)
Cash and cash equivalents at the beginning of the year		28,775	40,490
Cash and cash equivalents at the end of the year	15	6,315	28,775

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

Chief Executive

Director

TELECARD LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	----------------- (Rupees in ‘000’)	-----------------	-----------------
Balance as at June 30, 2014	3,000,000	(551,079)	2,448,921
Net (loss) for the year	-	(38,665)	(38,665)
Other comprehensive income	-	-	-
Total comprehensive income	-	(38,665)	(38,665)
Balance as at June 30, 2015	3,000,000	(589,744)	2,410,256
Net profit for the year	-	50,106	50,106
Other comprehensive income	-	-	-
Total comprehensive income	-	50,106	50,106
Balance as at June 30, 2016	3,000,000	(539,638)	2,460,362

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

Chief Executive

Director

TELECARD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Telecard Limited (the Company) was incorporated in Pakistan on October 29, 1992 as a public limited company. The shares of the Company are listed on the Pakistan Stock Exchanges. The Company itself and through its subsidiaries is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These financial statements are the separate financial statements of the Company in which investment in subsidiaries are reported on the basis of direct equity interest and are not consolidated.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain employees' benefits and liabilities which have been carried at present value.

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 Pakistan Rupee (Rs), which is the Company's functional and presentation currency.

2.4 Standards, interpretations and amendments to approved accouting standards

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

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

Standard / amendements / interpretation		Effective date (accounting periods beginning on or after)
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 01, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2016
IFRS 16	Leases	January 01, 2019
IFRS 10, 12 & IAS 28	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate	January 01, 2016
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017

IAS 12	Income Taxes (Amendments)	January 01, 2017
IAS 19	Employee Benefits (Amendments)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2016

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

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 1	First - Time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

2.4.2 Standards, amendments and interpretations adopted during the year

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

IFRS 10	Consolidated Financial Statements
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

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 recognized 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, management has made the following estimates and judgments which are significant to the financial statements:

	Note
Determining the residual values and useful lives of fixed assets.	3.1, 4 & 5
Impairment of;	
> Fixed assets	3.1, 4 & 5
> Long term investments	3.2 & 6
Provision for doubtful debts and other receivables	3.3, 9 & 13
Recognition of tax and deferred tax	3.11, 8, 14 & 33
Advance from a Contractor	19
Other provisions and contingent liabilities	3.17, 13 & 26
Provision for employees benefits	3.10, 21

3. SUMMARY OF SIGNIFICANT ACCOUTING POLICIES

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

3.1 Fixed assets

3.1.1 Property, plant and equipment

Operating fixed assets - Owned

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

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

Depreciation is charged to income 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 4.1 to these financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment loss, if any, or its reversal, is also charged to statement of comprehensive income for the year. Where an impairment loss is recognized, 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 for the month of acquisition and up to the month preceding the deletion, respectively.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset (calculated as the difference between the sale proceeds and the carrying amount of the asset) is recognized in income 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.

3.1.2 Intangible assets

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

3.2 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 and 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 declared by these subsidiaries.

Available for sale

These are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for-sale reserve until (i) the investment is derecognized, at which time the cumulative gain or loss is recognized in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognized in the profit and loss account.

For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which quoted market is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

3.3 Trade debts and other receivables

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

3.4 Cash and cash equivalents

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

3.5 Trade and other payables

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

3.6 Provisions

Provisions are recognized 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 statement of financial position date and are adjusted to reflect the current best estimate.

3.7 Financial instruments

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled, or expired.
All financial assets and liabilities are initially recognized at fair value plus transaction costs other than

financial assets and liabilites carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction cost are charged to income for that year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

3.8 Offsetting financial assets and financial liabilities

Financial asset and financial liability 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 recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Impairment

Financial assets

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

Non financial assets

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

3.10 Employees' retirement 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 recognized provident fund scheme effective from April 01, 2008.

Provident fund

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

Compensated absences

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

3.11 Taxation

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the date of the statament 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 recognized, using the balance sheet liability method, on all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred tax liabilities are recognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

3.12 Foreign currency translation

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

3.13 Borrowing costs

Finance costs incurred to finance the acquisition of various licenses from Pakistan Telecommunication Authority (PTA) and the construction and installation of network assets are capitalized up to the time such assets get ready for intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

3.14 Revenue

Revenue from enterprise sale services is recognized on accrual basis.

Revenue from Long Distance International (LDI) license is recognized at the time the call is terminated over the Company's network in case of international incoming calls and when the calls are handed over to international operators in case of outgoing calls.

In case of sharing arrangements with local operators, proportionate share is recognized at the time of termination of calls on designated operator's network.

Return on bank balances is accrued using effective interest method.

3.15 Interconnect charges and liability

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

3.16 Dividend and other appropriation of reserves

Final dividends and appropriation to general reserves are recognized in the financial statements in the period in which these are approved. Interim dividends are recognized in the period in which these are declared by the Board of Directors.

3.17 Other provisions and contingent liabilities

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

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2016	June 30, 2015
Operating fixed assets	4.1	**693,357**	827,263
Capital work-in-progress	4.2	**7,752**	5,578
		701,109	832,841

4.1 Operating fixed assets

		Cost				Accumulated depreciation				W.D.V.	
	Note	As at July 01, 2015	Additions/ Transfers*	(Disposals)	As at June 30, 2016	As at July 01, 2015	For the year	(On disposals)	As at June 30, 2016	As at June 30, 2016	Depreciation rate Per annum
		------- (Rs. in '000') -------									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	437	31	-	468	157	5%
Apparatus, plant and equipment	4.1.1	6,141,893	11,415 6,265 *	-	6,159,573	5,336,852	146,435	-	5,483,287	676,286	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and equipment		47,255	44	-	47,299	42,204	1,579	-	43,783	3,516	10%
Computers and accessories		69,156	65	(125)	69,096	65,506	2,416	(78)	67,844	1,252	33%
Vehicles		29,957	50	(1,044)	28,963	19,644	1,237	(1,044)	19,837	9,126	20%
June 30, 2016		**6,322,781**	**17,839**	**(1,169)**	**6,339,451**	**5,495,518**	**151,698**	**(1,122)**	**5,646,094**	**693,357**	

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

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2014	Additions	(Disposals)	As at June 30, 2015	As at July 01, 2014	For the year	(On disposals)	As at June 30, 2015	As at June 30, 2015	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	
Building on freehold land		625	-	-	625	406	31	-	437	188	5%
Apparatus, plant and equipment	4.1.1	6,134,942	6,951	-	6,141,893	5,089,799	247,053	-	5,336,852	805,041	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and equipment		46,157	1,098	-	47,255	39,643	2,561	-	42,204	5,051	10%
Computers and accessories		67,376	1,780	-	69,156	62,592	2,914	-	65,506	3,650	33%
Vehicles		32,986	-	(3,029)	29,957	21,296	1,377	(3,029)	19,644	10,313	20%
June 30, 2015		6,315,981	9,829	(3,029)	6,322,781	5,244,611	253,936	(3,029)	5,495,518	827,263	

4.1.1 The cost of fully depreciated assets as at June 30,2016 is Rs. 4,920.688 (2015: Rs. 3,771.209) million

4.1.2 The following assets were disposed off during the year.

Description	Cost	Acc. dep.	Written down value	Sale proceeds	Gain (loss) on disposal	Mode of sale	Particulars of buyers
	------------------ (Rupees in '000') ----------------						
Computers & accessories							
Laptop	56	34	22	22	-	Negotiation	Anjum Abbasi, Karachi.
Laptop	69	44	25	25	-	Negotiation	Khurram Mubarak, Karachi.
	125	78	47	47	-		
Vehicles							
Suzuki Bolan	367	367	-	197	197	Negotiation	Haq Nawaz, Karachi.
Suzuki Mehran	304	304	-	195	195	Negotiation	Haq Nawaz, Karachi.
Suzuki Mehran	373	373	-	225	225	Negotiation	Muhammad Ayub, Karachi.
	1,044	1,044	-	617	617		
June 30, 2016	1,169	1,122	47	664	617		

4.1.3 Depreciation for the year has been allocated as follows:

		2016	2015
		------- (Rupees in '000') -------	
Direct costs	28	146,351	246,969
Distribution costs and administrative expenses	29	5,347	6,967
		151,698	253,936

4.2 Capital work-in-progress

	Owned equipment	Advances to suppliers	Total
	-------------- (Rupees in '000') --------------		
As at July 01, 2015	-	5,578	5,578
Additions/ (transfer) during the year	14,017	(5,578)	8,439
Tranferred to apparatus, plant & equipment	(6,265)	-	(6,265)
June 30, 2016	7,752	-	7,752
June 30, 2015	-	5,578	5,578

5. INTANGIBLE ASSETS

	Note	Cost			Accumulated amortization			W.D.V.	
		As at July 01, 2015	Additions	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	As at June 30, 2016	Period (years)
		(Rs. in '000')							
WLL licenses	5.1	3,345,096	-	3,345,096	1,725,386	179,969	1,905,355	1,439,741	16-20
LDI license	5.2	29,029	-	29,029	14,964	1,548	16,512	12,517	18-20
June 30, 2016		**3,374,125**	-	**3,374,125**	**1,740,350**	**181,517**	**1,921,867**	**1,452,258**	

	Note	Cost			Accumulated amortization			W.D.V.	
		As at July 01, 2014	Additions	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015	as at June 30, 2015	Period (years)
		(Rs. in '000')							
WLL licenses	5.1	3,345,096	-	3,345,096	1,545,417	179,969	1,725,386	1,619,710	16-20
LDI license	5.2	29,029	-	29,029	13,416	1,548	14,964	14,065	18-20
June 30, 2015		**3,374,125**	-	**3,374,125**	**1,558,833**	**181,517**	**1,740,350**	**1,633,775**	

5.1 These represent cost of non-exclusive licenses granted by the PTA to the Company for providing certain telecommunication services in the specified regions of the Country and for establishing, maintaining and operating a telecommunication system, in accordance with the terms and conditions of the licenses. The licenses are effective for a period of 16-20 years, commencing August 04, 2004. .

This also include frequency NTR-II in respect of which the Company has given an option, to a telecom operator to consider acquiring the same. The amortized cost of the frequency is Rs. 14.497 million.

5.2 This represents cost of non-exclusive license granted by the PTA to the Company for providing the LDI telecommunication services in the Country for a effective period 18-20 years, commencing July 27, 2004.

6. LONG TERM INVESTMENTS

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Investments in wholly owned subsidiary companies			
Unquoted – at cost			
Supernet Limited 38,771,690 (2015: 38,771,690) ordinary shares of Rs. 10/- each [breakup value: Rs. 20.33 (2015: Rs. 20.24 per share)], based on the audited financial statements of the company for the year ended June 30, 2016.		340,537	340,537
TCL Asia (UK) Limited 1 (2015: 1) ordinary share of £1 (equivalent to Rs. 140.12) [breakup value: Nil (2015: Nil)], based on the unaudited financial statements of the company for the period ended May 29, 2016.		-	-
Telecard E-Solutions (Pvt) Limited 10,000 (2015: 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2015: Rs. Nil)], based on the audited financial statements of the company for the year ended June 30, 2016.		100	100
Telegateway Limited 50,000 (2015: 50,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2015: Nil)], based on the audited financial statements of the company for the year ended June 30, 2016.		500	500
Nexus Communication (Pvt) Limited 10,000 (2015: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2015: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2016.		100	100
Glitz Communication (Pvt) Limited 10,000 (2015: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2015: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2016.		100	100
Globetech Communication (Pvt) Limited 10,000 (2015: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2015: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2016.		100	100
Available for sale Augere Holdings (Netherlands) B.V. Class A Preference Ordinary shares each having breakup value Rs. Nil [2015: Rs. Nil], based on the unaudited financial statements of the company for the year ended December 31, 2015.	6.1	480,630	480,630
Impairment allowance		(480,630)	(480,630)
		-	-
		341,437	341,437

6.1 For the purpose of impairment testing, the carrying amount of investment has been compared with the estimated recoverable amount, determined on the basis of fair value, as the investee company has negative equity and the Company does not expect any cash flows from the investment in the forseeable future. Accordingly, fair value is estimated as Nil (2015: Nil) and the entire carrying amount of investment has been impaired.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
7. LONG TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		45,778	45,778
Rented premises		3,018	3,174
Guarantee margin		5,000	3,500
		53,796	52,452
8. DEFERRED TAXATION			
Deferred tax credits arising on			
Accelerated tax depreciation		(11,332)	(18,954)
Amortisation of intangible assets		(409,936)	(446,413)
		(421,268)	(465,367)
Deferred tax debits arising from			
Retirement benefits		914	995
Short term provisions		506,559	486,043
Tax losses brought forward		205,608	337,664
		713,081	824,702
		291,813	359,335
9. TRADE DEBTS			
Unsecured - considered good			
Related parties	9.1	197,429	8,704
Others		267,189	213,728
		464,618	222,432
Considered doubtful			
Considered doubtful		223,532	210,371
Provision for debts considered doubtful	9.2	(223,532)	(210,371)
		-	-
		464,618	222,432

9.1 It includes amount of Rs. 195.477 (2015: Nil) million receivable from Supernet Limited against Interoperator infrastructure services, as referred in note 27.2.

	Note	June 30, 2016	June 30, 2015
9.2 Provision for debts considered doubtful			
Opening balance		210,371	204,732
Charge for the year	29	13,161	5,639
		223,532	210,371

9.3 As at June 30, 2016, 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	Above one year
	---------- (Rupees in '000') ----------			
Others	267,189	37,844	116,903	112,442
Related parties	197,429	57,782	138,880	767
June 30, 2016	464,618	95,626	255,783	113,209
Others	213,728	57,054	69,617	87,057
Related parties	8,704	1,998	2,720	3,986
June 30, 2015	222,432	59,052	72,337	91,043

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
10. LOANS AND ADVANCES			
Loans - unsecured			
Considered good			
Related party	10.1	30,000	-
Advances - unsecured			
Considered good			
Executives	10.2	3,498	3,363
Employees		3,630	4,026
Suppliers		9,059	10,857
		16,187	18,246
Considered doubtful			
Executives		276	276
Employees		1,765	1,765
Suppliers		3,282	3,282
		5,323	5,323
Provision for advances Considered doubtful	10.3	(5,323)	(5,323)
		-	-
		46,187	18,246

10.1 This represent short term loan to a related party i.e. World Trade Center (Private) Limited, carrying markup rate 3 months KIBOR plus 2.4% per annum.

10.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 3.783 (2015: Rs. 4.325) million.

10.3 Provision for advances considered doubtful

		June 30, 2016	June 30, 2015
Opening balance		5,323	4,500
Charge for the year		-	823
		5,323	5,323
11. DEPOSITS AND PREPAYMENT			
Deposits			
Others		480	480
		480	480
Prepayment			
Rent		13,150	13,817
Interconnect operators		24,895	25,480
		38,525	39,777
12. ACCRUED MARK-UP			
Due from a bank	12.1	55,587	57,309
Mark-up on current accounts with related parties	12.2 & 13.1.1	20,855	19,559
		76,442	76,868
Provisons against accrued mark-up	12.1	(48,587)	(48,587)
		27,855	28,281

12.1 This includes claim lodged with commercial bank during the year ended June 30, 2005 in respect of funds raised through Term Finance Certificates, held by the bank. Pending settlement the management has made full provision against the same.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
12.2 Related parties			
Arfeen International (Private) Limited		17,219	17,053
Instaphone (Private) Limited		2,137	2,137
World Trade Center (Private) Limited		1,130	-
Telecard E-Solution (Private) Limited		369	369
		20,855	19,559
13. OTHER RECEIVABLES			
Considered good			
Related parties	13.1	5,454	14,198
Others			
Karachi Relief Rebate	13.2	651,541	651,541
Due from PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		345,594	331,861
Pakistan Telecommunication Authority	13.3	1,988,466	2,077,498
Claim against a bank	13.4	998	998
Insurance claims		2,339	2,343
Due from a contractor		7,488	8,196
Others		2,521	1,497
		3,094,988	3,169,975
Considered doubtful			
Pakistan Telecommunication Company Limited	13.5	727,303	727,303
Pakistan Telecommunication Authority		91,176	-
Insurance claim		8,628	8,628
Due from zonal employees		15,874	15,874
Others		2,952	2,952
		845,933	754,757
Provision for other receivables cosidered doubtful	13.6	(845,933)	(754,757)
		-	-
		3,100,442	3,184,173

13.1 Related parties	June 30, 2016	June 30, 2015
Instaphone (Private) Limited	3,049	3,049
Telecard E-Solution (Private) Limited	1,533	1,883
Envicrete Limited	763	688
TCL Asia (UK) Limited	81	92
Grand Leisure Corporation (Private) Limited	28	28
Supernet Limited	-	8,458
	5,454	14,198

13.1.1 The above amount due from related parties represent current account balances which are recoverable on demand.

13.2 (a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Company in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.276 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.924 million. The Court, during the year ended June 30, 2002, passed an interim order in favor of the Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

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

13.2 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs. 334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Company. The Court, in its order dated June 25, 2003, ordered the Company not to create third party interest on its fixed assets as well as undertakings except in the ordinary course of business till the disposal of this case.

In the view of the legal advisor of the Company, the Company has a strong case and the likelihood of the Company loosing the case is remote. Hence, the mangement is confident about the realization of the said amount and considered the recovery of the sum to be virtual.

13.3 In March 2007, the PTA issued show cause notices to eight telecom companies, including the Company, in respect of Access Promotion Contribution (APC) for Universal Service Fund (USF) under the AP Rules, 2004 and AP Regulations, 2005. In case of the Company, the amount demanded was Rs.29.473 million. A stay order against the PTA determination was obtained by the Company through the Islamabad High Court and repatriation was filed against the PTA and others. During the year ended June 30, 2009, the Islamabad High Court decided the case in favour of the PTA. The Company, along with other LDI licensees, as a result thereof had filed an appeal in the Supreme Court of Pakistan which has been dismissed. However review petition has been filed by the Company which is in the initial stages of hearing.

Further, the PTA demanded on behalf of the USF a sum of Rs. 4,429.269 million in respect of APC for USF on the basis of international termination traffic by the Company up to September 30, 2012, in addition to Rs. 29.473 million, aggregating to Rs. 4,458.742 million (June 30, 2015: Rs. 4,458.742 million), against which the Company paid a sum of Rs. 2,079.641 million under protest (June 30, 2015: Rs. 2,077.498) million. Pending a final decision in this matter, the Company has recorded the said sum as due from the PTA under other receivables and has not adjusted the same nor any provision has been made for the remaining sum of Rs. 2,379.101 (June 30, 2015: Rs. 2,381.244) million in these financial statements. However, during the year as a matter prudence management has made a provision of Rs. 91.176 million (2015: Nil) in these financial statements. As management, based on the legal opinion received from its legal advisor in this regard, is confident that no futher provision is necessary as it will succeed in recovering the above referred sum.

The Company has obtained interim injunctions from the Sindh High Court preventing any adverse actions, by the PTA on the basis that it has not correctly adjusted payments received from the Company, and that it is not following the provisions of Access Promotion Rules, 2004 and Access Promotion Regulations, 2005.

Further, during the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.

During the year ended June 30, 2013, the Competition Commission of Pakistan (CCP) declared the ICH agreement as illegal and had imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each. The Company instituted a Constitutional Petition before the High Court of Sindh for setting asisde the order dated April 30, 2013 passed by CCP. The Sindh High Court had suspended the impugned order on September 05, 2013.

13.4 This represents amount due from a bank in respect of the PTCL bills paid by the Company to the bank but not passed over to the PTCL. The Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2015: Rs. 0.998) million and damages, aggregating to Rs. 8.245 (2015: Rs. 8.245) million, against the bank. Accordingly, pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

13.5 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,000.000 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Company has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,300.000 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in ‘000’) -------	
13.6 Provision for other receivables considered doubtful			
Opening balance		754,757	754,757
Provision for the current year	29	91,176	-
		845,933	754,757
14. TAXATION – NET			
Advance income tax		154,916	135,360
Provision for taxation – current	33	(24,093)	(10,560)
		130,823	124,800
15. BANK BALANCES			
In current accounts			
Local currency		587	23,373
Foreign currency		58	415
		645	23,788
In savings accounts			
Local currency	15.1	5,670	4,987
		6,315	28,775

15.1 These carry mark-up at rates, ranging between 5% to 6% (2015: 4.5% to 7%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2016	June 30, 2015		June 30, 2016	June 30, 2015
Number of shares				
300,000,000	300,000,000	Ordinary shares of Rs.10/- each fully paid in cash	3,000,000	3,000,000

16.1 As at the end of the current year 88,964,757 (2015: 88,962,757) Ordinary shares of Rs.10 each, amounting to Rs.889.648 (2015: Rs.889.628) million, were held by the related parties of the Company.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
17. LONG TERM LOANS			
Secured			
From banks			
Demand finance	17.1	98,412	113,117
Diminishing musharakah	17.2	145,614	145,614
		244,026	258,731
Current maturity shown under current liabilities	25	(56,764)	(11,344)
		187,262	247,387

17.1 The facility was obtained during the year ended June 30, 2007 from a commercial bank which was restructured on three instances and currently repayable in six stepped up semi-annual installments starting from July 22, 2015.

The loan carries markup at the rate of six month KIBOR plus 2.4 % (2015: six month KIBOR plus 2.4%) per anum, with the markup payable semi annually. The facility is secured against first pari passu charge over all fixed assets, ranking charge on all present and future fixed assets and first pari passu charge over the current assets of the Company.

17.2 This represents diminishing musharakah facility from an islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with islamic bank. This facility is for the period of five years with the grace period of 12 months repayable in 48 monthly installments starting from July 11, 2016. The facility carries profit at the rate of 3 month KIBOR (2015 : 3 month KIBOR) per anum and it is secured against pari passu charge over the current assets of the Company and ranking charge over the fixed assets of the Company.

18. REDEEMABLE CAPITAL

	Note	June 30, 2016	June 30, 2015
Secured			
Term finance certificates	18.1	747,036	747,575
Current maturity shown under current liabilities	25	-	(747,575)
		747,036	-

18.1 This represents listed Term Finance Certificates (TFC's) issued by the Company. Effective from December 31, 2015 these TFC'c have been restructured for the period of five years carrying markup payable on quaterly basis and principal amount redeemable in 12 unequal quarterly installments starting from March 31, 2018. These TFC's carry markup at the rate of three months KIBOR (2015: 3 months KIBOR plus 5.04%).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.000 (2015: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
19. ADVANCE FROM A CONTRACTOR			
Unsecured			
Advance from a contractor	19.1 & 19.2	411,445	424,915
Exchange loss on translation		12,038	12,558
Taken to income during the current year upon rendering of services		(26,864)	(26,028)
		396,619	411,445

19.1 On April 30, 2010, the Company received payment on account of provision of infrastructure services to the contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million to be issued by the Company.

19.2 Although the Agreement does not specify the period in which such infrastructure services are to be provided by the Company to the contractor, it is assumed that the balance value of the Credit Note is available for the Company utilization over the balance life of WLL licences. Since the Credit Note in question has not been finalized to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

20. LONG TERM DEPOSITS

	2016	2015
Security deposits		
Distributors	6,014	6,014
Indoor call point holders	380	3,740
Others	28,874	28,789
	35,268	38,543

20.1 These deposits obtained from customers against different sale agreements are repayable on demand and are non-interest bearing.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

21. DEFERRED LIABILITIES

	Note	June 30, 2016	June 30, 2015
Staff gratuity	21.1	2,947	3,110
Spectrum fee payable	21.2	1,585,500	1,585,500
		1,588,447	1,588,610

21.1 Staff gratuity

21.1.1 Reconciliation of obligations as at year end

	2016	2015
Present value of defined benefit obligation	2,947	3,110

21.1.2 Movement in liability

	2016	2015
Net liability at beginning of the year	3,110	4,841
Charge for the year	327	508
Benefits paid during the year	(490)	(2,239)
	2,947	3,110

21.1.3 Charge for the year

	2016	2015
Interest cost	327	508
	327	508

21.1.4 Movement in defined benefit obligation

	2016	2015
Present value of defined benefit obligation at beginning of the year	3,110	4,841
Interest cost	327	508
Benefits paid during the year	(490)	(2,239)
	2,947	3,110

21.1.5 Principal actuarial assumptions

The latest valuation was carried out as at June 30, 2013, using Projected Unit Credit Method. Following assumptions had been used for valuation of the scheme:

	2016	2015
Expected rate of increase in salaries, per annum	9.50%	9.50%
Expected discount rate, per annum	10.50%	10.50%

21.1.6 Comparison for five years

	2016	2015	2014	2013	2012
	----------------------------		(Rupees in '000')		--------------------------
Present value of defined benefit obligation	2,947	3,110	4,841	8,126	5,094

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
21.2 Spectrum fee payable	1,585,500	1,585,500

21.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Company, as referred to in note 5. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. On March 10, 2010, the Company received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal installments, commencing from the year 2009. However, few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Company on June 02, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The Company instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set aside. However, during the year ended June 30, 2011, the MoIT vide its letter dated August 30, 2011, accepted the long outstanding request of the WLL industry and instructed the PTA to collect the balance fees in installments.

Subsequently, the IHC allowed installments of balance initial spectrum fee as prayed by the Company in line with the directive of MoIT dated August 30, 2011. The MoIT instructed PTA to seek installment plan from the operators for onward submission to the Ministry with its recommendation.

PTA has asked for such installment plan which was provided by the Company. However, PTA did not send it to MoIT on the basis of challenging the Islamabad High Court Order through Intra Court Appeal which is pending adjudication. Since the installment plan is yet to be communicated to the Company by MoIT pending which the liability has not been discounted to its present value.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
22. TRADE AND OTHER PAYABLES			
Trade			
Pakistan Telecommunication Company Limited (PTCL)			
Wireless Payphone Service (WPS)	22.1	609,708	609,708
LL & LDI charges		73,958	60,367
Others		820	794
		684,486	670,869
Interconnect operators		44,698	25,709
Others		75,255	38,618
		804,439	735,196
Other payables			
Current accounts with related parties	22.2	152,973	50,430
Pakistan Telecommunication Authority		64,081	66,479
Accrued liabilities		78,242	82,926
Advances from subsidiary company		-	607
Unclaimed dividend		4,394	7,394
Workers Welfare Fund		4,964	2,071
Others		9,079	6,616
		313,733	216,523
		1,118,172	951,719

22.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs. 968.000 (2015: Rs. 968.000) million on account of air time charges, line rent and access charges and Rs. 276.000 (2015: Rs. 276.000) million in respect of leased line charges from the Company. Further, the PTCL raised a bill for Rs. 102.080 million and Rs. 50.912 million for years ended June 30, 2009 and June 30, 2010. Hence, total amount claimed by the PTCL as at December 31, 2010 amounted to Rs. 1,396.992 million.

The management, while acknowledging the liability to the extent of Rs. 609.708 (2015: Rs. 609.708) million does not accept the liability for the remaining sum of Rs. 787.284 (2015: Rs. 787.284) million and has not recorded the same in these financial statements. In this respect, the Company, during the year ended June 30, 2007, paid a sum of Rs.100.000 million and Rs. 170.000 million between May 2008 to Febraury 2009 to the PTCL under protest to ensure uninterrupted WPS. However, the services under WPS agreement are no longer required by the Company.

		Note	June 30, 2016	June 30, 2015
			------- (Rupees in '000') -------	
22.2	Related parties			
	Supernet Limited		93,307	-
	World Trade Center (Private) Limited		20,720	3,272
	Arfeen International (Private) Limited		18,259	13,234
	Telegatway Limited		15,294	15,294
	Chaman Investment (Private) Limited		4,147	4,147
	Instaphone Infrastructure (Private) Limited		487	13,767
	Total Telecom Limited		421	421
	Port Grand Limited		107	-
	Glitz Communication (Private) Limited		80	80
	Globetech Communication (Private) Limited		80	80
	Nexus Communication (Private) Limited		71	71
	Envicon (Private) Limited		-	64
		22.2.1	152,973	50,430

22.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 7.0% to 7.5% per annum.

23. ACCRUED INTEREST / MARK-UP

	Note	June 30, 2016	June 30, 2015
On secured			
Long-term loans	17	20,065	15,428
Redeemable capital	18	11,794	360,220
Short-term running finances		9,818	9,818
		41,677	385,466
On unsecured			
Short-term borrowings	24	4,836	4,426
Current accounts with related parties	22.2.1	18,735	17,956
		65,248	407,848

24. SHORT-TERM BORROWING

	Note	June 30, 2016	June 30, 2015
Loan - unsecured			
Related party	24.1	-	51,597

24.1 This represent short term loan received from a related party i.e., World Trade Center (Private) Limited, carrying markup rate 6 months KIBOR plus 2.4% (2015: 6 months KIBOR plus 2.4%). This loan is paid during the current year.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

25. CURRENT MATURITIES OF LONG TERM LIABILITIES

	Note	June 30, 2016	June 30, 2015
Long-term loans	17	56,764	11,344
Redeemable capital (TFCs)	18	-	747,575
		56,764	758,919

26. CONTIGENCIES AND COMMITMENTS

26.1 During the year ended June 30, 2011, the PTA issued a determination letter dated October 31, 2010 alleging that the Company has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 and demanded a sum of Rs. 56.470 million from the Company on account of short payment of APC for USF. The Company has filed a Writ Petition challenging the same which is currently pending before the Islamabad High Court.

26.2 The Company filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.

26.3 PTA, during the year 2012 , issued a show cause notice, alleging that the Company is not following the Approved Settlement Rate (ASR) while selling the international minutes as detremined by the PTA. The Company instituted a petition in the Hon'ble High Court of Sindh, challenging the notice and the Court granted a stay to the effect that PTA will not revoke or cancel the Company's license in the matter. The Sindh High Court dismissed the case as per order dated December 05, 2014 and ordered the PTA to schedule a hearing. The hearing was duly held, however the final determination is pending in this matter.

26.4 During the year ended June 30, 2012, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs. 54.548 million. The Company has challenged the determination in the High Court of Sindh.

26.5 During the year ended June 30, 2013, the Company filed an appeal before the Sindh High Court (SHC) for setting aside order dated June 30, 2012 passed by PTA whereby PTA alleges that the Company is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted stay and no coercive action can be taken by PTA.

26.6 During the year ended June 30, 2014, the Company has filed a suit before the High Court of Sindh at Karachi, seeking permanent injunction and damages impugning notice dated May 27, 2011, issued by NAB authorities for the recovery of alleged dues of Rs.1,233.540 million on account of APC for USF contribution and quashment of inquiry being conducted against the Company by NAB authorities for recovery of this amount. The Court was pleased to restrain NAB from proceeding further.

26.7 The Company has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking certain declarations and restraining orders against PTA and National Accountability Bureau challenging notice dated May 29, 2012, issued by PTA to the Company under section 5(r) of the NAB Ordinance, whereby PTA has required the Company to make payment of alleged dues of Rs. 2,400.000 million on account of Intial Spectrum Fee (ISF) contribution within 30 days from the date of the notice. The Court has suspended the operations of the said order in addition to restraining the PTA from taking any coercive action.

26.8 The Company has filed a CP before the High Court of Sindh for setting aside the order dated April 30, 2013, passed by the Competition Commission of Pakistan (CCP) whereby ICH agreement is void in terms of the Competition Act. Court has granted a stay order and the matter is currently pending.

26.9 The Company being one of the LDI operators filed a CP before the SHC, for declaring permanent injunction for setting aside Policy Directive dated June 17, 2014, issued by MoIT. On recommendation of PTA the earlier policy directive dated August 13, 2012, by way of which ICH was mandated to be established has been withdrawn. The Court has granted stay order, and the matter is currently pending.

26.10 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Company was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.812 million. The Company has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.

An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.923 million against the reported tax loss of Rs. 5.945 million. The Company had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Company, after admitting an adjustment of tax refundable, amounting to Rs. 4.529 million, against tax demand of Rs. 19.358 million, thus creating a final tax demand of Rs. 14.789 million. The Company has filed an appeal in the Court, which has not been heard to-date.

The aggregate financial impact of the above matters on the tax provision made by the Company in the financial statements works out to be Rs. 74.601 (2015: Rs. 74.601) million.

26.11 During the year ended June 30, 2015, the Company has filed a Constitutional Petition against the letter issued by Assistant Commissioner, Sindh Revenue Board to deposit Rs. 824.399 (2015: Rs. 824.399) million on account of Sindh Sales Tax on services for the tax period July 2012 to July 2014. The court through its order dated December 06, 2015 restrained the respondents to take any coercive action against the Company. The appeal is currently pending before the Court.

26.12 PTCL ' s claim amounting to Rs.1,622.503 (2015: Rs.1,618.426) million in respect of monthly billing has not been acknowledged as debt by the Company. The Company maintains that the said amount is overbilled by the PTCL.

26.13 During the year 2015 a writ petition was instituted by the Company wherein the vires of late payment additional fees of Rs. 3.400 (2015: Rs. 3.400) million is imposed by PTA, has been challenged. This matter was instituted by the Company after the Supreme Court dispossed off Constituted Petition wherein it had observed that the vires of legislation could not be impugned in an appeal and whereby the Company was allowed to challenged the same vide the Constitutional jurisdiction of the High Court.

26.14 The Company filed CPLA against the judgement dated 29 May 2015 passed by the Hon'ble Islamabad High Court in first appeal against order no. 51 of 2015, whereby the appeal filed by the Company for setting aside PTA's enforcement Order dated 17 July 2012, was dismissed. The decision made the Company liable to pay Annual Radio Frequency Spectrum Fee (ARFSF) along with Late Payment Additional Fee (LPAF) under the WLL License for the year ended 30 June 2011. While the Company has settled the ARFSF principal amount in the sum of Rs. 23,761,666/- it is now contesting the LPAF imposed under clause 4.2.3 of the WLL License.

26.15 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 13.2 and 22.1 to the financial statements.

26.16 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 13.3 and 21.2.1 to the financial statements.

26.17 No provision on account of above contigencies including note 26.15 and 26.16 has been made in the financial statements as the management and the tax/ legal advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

26.18 Counter guarantees given to banks amounting to Rs.180.000 (2015: Rs.180.000) million.

27. REVENUE – NET

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in ‘000’) -------	
Turnover		782,737	1,065,633
APC for USF	27.1	-	(203,234)
Trade discounts		-	(1,235)
		782,737	861,164
Services rendered to the contractor	19	26,081	26,028
Interoperator infrastructure services	27.2	196,084	168,807
		1,004,902	1,055,999

27.1 This represents the APC for USF collected by PTCL on behalf of the Company for onward payment to USF as per the agreement dated August 30, 2012.

27.2 This represents non-exclusive right for certain infrastructure services to be provided by the Company to its subsidiary for the period from November 2013 to October 2016 as a result of an agreement signed between the Company and Supernet Limited. According to the agreement, the Company will provide these services for a fixed charge @ 1.000 million per month in addition of an annual variable fee @ 10% of data networking revenue of Supernet Limited, if the same exceeds Rs. 500.000 million in a year. Accordingly revenue for the current year includes a sum of Rs. 12.000 (2015: 12.000) million representing the fixed fee and a sum of Rs. 184.084 (2015: Rs. 156.807) million as a variable fee for the year ended June 30, 2016.

28. DIRECT COSTS

	Note	June 30, 2016	June 30, 2015
Interconnect charges – net		287,726	117,866
Network media charges		81,898	78,958
Network sites rent		60,674	51,038
Network sites utilities and maintenance		48,513	60,752
Insurance		8,216	3,833
Annual regulatory charges		28,427	34,373
Cost of cards sold		-	13
Depreciation	4.1.3	146,351	246,969
Monitoring expenses		-	3,504
Amortisation	5	181,517	181,517
		843,322	778,823

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

29. DISTRIBUTION COSTS & ADMINISTRATIVE EXPENSES

	Note	June 30, 2016	June 30, 2015
Salaries and other benefits	29.1	136,637	123,481
Postage, telephone and telex		2,003	2,135
Vehicles running and maintenance		11,545	16,069
Travelling and entertainment		2,428	4,121
Office security and maintenance		4,442	9,559
Stationery		2,043	3,081
Rent, rates & taxes		33,214	33,435
Utilities		20,257	22,301
Insurance		3,297	3,395
Legal and professional charges		22,885	18,827
Auditors' remuneration	29.2	3,645	3,660
Sales promotion and marketing		2,859	10,890
Fee and subscription		1,259	1,381
Depreciation	4.1.3	5,347	6,967
Provision for debts considered doubtful	9.2	13,161	5,639
Provision against other receivable	13.6	91,176	-
Provision for advances considered doubtful	10.3	-	823
Stock written off		-	289
Software support services		6,000	6,000
Others		1,768	832
		363,966	272,885

29.1 This includes Rs. 0.327 (2015: Rs. 0.508) million in respect of gratuity expense for the year and Rs. 3.865 (2015: Rs. 4.282) million in respect of the Company's contribution towards provident fund.

29.2 Auditors' remuneration

	June 30, 2016	June 30, 2015
Fee for the audit of annual financial statements	2,000	2,000
Fee for the audit of consolidated financial statements	350	350
Fee for the review of half yearly financial statements and other certifications	1,140	1,140
Out-of-pocket expenses	155	170
	3,645	3,660

29.3 During the year, no donation is given by the Company.

30. OTHER OPERATING EXPENSES

	June 30, 2016	June 30, 2015
Exchange loss - net	11,826	14,508
Workers' welfare fund	2,893	-
	14,719	14,508

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

31. OTHER INCOME

	Note	June 30, 2016	June 30, 2015
Income from financial assets			
Return on bank deposits		18,021	21,704
Mark-up on current accounts with related parties		1,130	991
Income from non-financial assets			
Professional services	31.1	18,000	18,050
Gain on sale of fixed assets		617	2,125
Liabilities no longer payable written back	31.2	363,997	93,033
Others		7,382	12,200
		389,996	125,408
		409,147	148,103

31.1 This represent accounting and human resource services rendered by the Company to the related parties.

31.2 This includes accrued mark-up on TFC's amounting to Rs. 360.220 million, written back consequent to the restructuring terms.

32. FINANCE COSTS

	June 30, 2016	June 30, 2015
Interest/mark-up on:		
Long-term loans	21,796	15,713
Redeemable capital	23,882	110,108
Short-term borrowing	2,313	4,422
Short-term running finances	-	20,372
	47,991	150,615
Markup on current accounts with related parties	613	6,567
Bank charges	1,717	4,171
	50,321	161,353

33. TAXATION

	Note	June 30, 2016	June 30, 2015
Current	14 & 33.1	24,093	10,560
Deferred		67,522	4,638
		91,615	15,198

33.1 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 under section 113 of the Income Tax Ordinance, 2001.

The income tax assessments of the Company have been finalized up to and including the tax year 2013, except for certain tax year in respect of which appeals are currently in progress at different forums (note 26.10).

33.2 The applicable income tax rate for Tax Year 2017 was reduced to 31% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2015. Therefore, deferred tax is computed at the rate of 31% applicable to the period when temporary differences are expected to be reversed/ utlilised.

34. EARNINGS PER SHARE – BASIC AND DILUTED

Profit/(Loss) after tax for the year (Rupees in '000')	50,106	(38,665)
Weighted average number of shares	300,000,000	300,000,000
Basic earning/(loss) per share (Rupees)	0.17	(0.13)

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

35. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Profit/(loss) before taxation		141,721	(23,467)
Adjustments for non-cash charges and other items:			
Depreciation		151,698	253,936
Amortization		181,517	181,517
Provision for gratuity		327	508
Finance costs		48,604	157,182
Provision against other receivables		91,176	-
Provision for debts considered doubtful		13,161	5,639
Liability written-back		(360,220)	-
Advance from a contractor		(14,826)	(13,470)
Gain on sale of fixed assets		(617)	(2,125)
Redeemable capital		(539)	-
Stock written-off		-	289
Provision for advances considered doubtful		-	823
		110,281	584,299
Profit before working capital changes		252,002	560,832
(Increase)/decrease in current assets			
Stock-in-trade		-	13
Trade debts		(255,347)	(116,606)
Loans and advances		(27,941)	1,832
Deposits and prepayment		1,252	72,476
Accrued markup		426	1,245
Other receivables		(7,445)	(138,974)
		(289,055)	(180,014)
Increase/(decrease) in current liabilities			
Trade and other payables		166,453	(157,736)
Cash generated from operations		129,400	223,082

36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs. in '000')			(Rs. in '000')		
Managerial remuneration	6,129	2,003	34,062	5,806	4,937	37,722
Other perquisites and benefits						
House rent	2,758	901	15,328	2,613	2,222	16,975
Medical	35	31	597	-	65	654
Retirement benefits	524	167	1,882	484	411	2,288
Utilities	613	200	3,406	581	494	3,772
	3,930	1,299	21,213	3,678	3,192	23,689
	10,059	3,302	55,275	9,484	8,129	61,411
Number of persons	1	1	34	1	2	37

36.1 A director of the Company is also provided with the free use of the Company maintained car and other benefits in accordance with their terms of service.

37. 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.

37.1 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.

37.1.1 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, 2016, the Company is exposed to such risk mainly in respect of long-terms and short-term investments and loan. When the Company has surplus cash available for investment, it minimizes the interest rate risk by investing in fixed rate investments like bank saving accounts.

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. 9.627 (2015: Rs. 6.784) 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 sensitively analysis.

37.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2016 US $	June 30, 2015 US $
Trade debts	31,890	110,988
Bank balances	583	4,052
Trade and other payables	(259,958)	(490,331)
	(227,485)	(375,291)

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

Exchange rate (Rupees)	104.70	101.70

The foreign currency exposure is partly covered as majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollar rate (%)	Effect on profit / (loss)	Effect on Equity
		------- (Rupees in '000') -------	
June 30, 2016	+10	(2,382)	(2,382)
	-10	2,382	2,382
June 30, 2015	+10	(3,817)	(3,817)
	-10	3,817	3,817

37.1.3 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2016 the Company is not exposed to equity price risk.

37.2 Credit risk

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

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Trade debts	464,618	222,432
Deposits, loans and advances	46,667	18,726
Accrued mark-up	27,855	28,281
Other receivables	3,100,442	3,184,173
Bank balances	6,315	28,775
	3,645,897	3,482,387

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 Companie's total credit exposure. The Group's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

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

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Trade debts		
Customers with no defaults in the past one year	464,618	222,432
Bank balances		
A1+	388	1,646
A-1+	27	66
A-2	189	17,316
A-1	5,711	9,747
	6,315	28,775

37.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to availability of funding through an adequate amount of committed credit facilities.

Management monitor the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. 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. During the current year the Company remained under severe liquidity pressure. However, the Company plans to improve its liquidity position through enhancement and re-profiling of banking facilities, improved revenue generation and cost cutting measures.

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

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	---------------------------(Rupees in '000')---------------------------				
Long-term loans	19,280	37,484	187,262	-	244,026
Redeemable capital	-	-	747,036	-	747,036
Long-term deposits	-	-	35,268	-	35,268
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	1,118,172	-	-	1,118,172
Accrued mark-up	65,248	-	-	-	65,248
June 30, 2016	84,528	1,155,656	2,555,066	-	3,795,250
Long-term loans	5,672	5,672	247,387	-	258,731
Redeemable capital	747,575	-	-	-	747,575
Long-term deposits	-	-	38,543	-	38,543
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	951,719	-	-	951,719
Accrued mark-up	407,848	-	-	-	407,848
Short-term borrowings	51,597	-	-	-	51,597
June 30, 2015	1,212,692	957,391	1,871,430	-	4,041,513

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

37.4 Fair value of financial instruments

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

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

37.5 Capital risk management

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

The Company monitors capital using a gearing ratio, which is calculated total borrowings including current and non current borrowing, regualtory dues as disclosed in note 17, 18, 21, & 25 less cash and cash equivalent as disclosed in note 15 divided by equity as follows:

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Total debt	2,576,562	2,643,403
Less: Cash & cash equivalent	6,315	28,775
Net debt	2,570,247	2,614,628
Total equity	2,460,362	2,410,256
Total debt and equity	5,030,609	5,024,884
Gearing ratio	51.09%	52.03%

38. TRANSACTIONS WITH RELATED PARTIES

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

Wholly owned subsidiary companies

	2016	2015
Supernet Limited		
Services rendered	199,208	193,505
Services received	4,220	17,704
Advance received by the Company	-	60,661
Payment made on behalf of the Company	1,080	760
Payment made on behalf to the Company	448	-
Telecard E-Solutions (Private) Limited		
Payment made on behalf by the company	321	142
Services received	8,309	12,235
Services rendered	150	223
Markup charged by the Company	-	534

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Telegateway Limited		
Services received	-	5,230
Services rendered	-	327
Payment made by the Company	-	130
Markup charged to the Company	-	1,557
Nexus Communications (Pvt) Limited		
Payments made on behalf by the Company	-	4
Glitz Communications (Pvt) Limited		
Payments made on behalf by the Company	-	4
Globetech Communications (Pvt) Limited		
Payments made on behalf by the Company	-	4
Entities having directors in common with the Company		
Arfeen International (Private) Limited		
Payment made on behalf of the Company	150	1,050
Payment made on behalf by the Company	570	132
Rent charged during the year	5,520	5,520
Markup charged to the Company	717	1,177
Services rendered	382	417
World Trade Center (Private) Limited		
Service received	27,669	28,949
Markup charged to the Company	3,093	4,457
Payment against short term borrowing	51,597	42,160
Mark-up charged by the company on short-term loan	1,130	-
Short-term Loan by the Company	30,000	-
Envicrete Limited		
Services rendered	276	284
Payment made on behalf by the Company	11	18
Provident Fund		
Contribution during the year	3,865	4,282
Instaphone Infrastructure (Private) Limited		
Payment made on behalf of the Company	478	316
Services rendered	18,364	18,000
Services received	3,125	20,519
Payment made on behalf to the Company	437	-
Markup charged to the Company	-	3,799
Instaphone (Private) Limited		
Markup charged by the Company	-	457

	June 30, 2016	June 30, 2015
	------- (Rupees in ‘000’) -------	
Port Grand Limited		
Services received	268	357
Services rendered	33	375
Envicon (Pvt) Limited		
Services received	12	12

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

39. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2016 (Un-audited)	June 30, 2015 (Audited)
		------- (Rupees in ‘000’) -------	
Size of the Fund - total assets		57,703	48,816
Cost of the investment made		48,519	43,445
Fair value of investments	39.1	50,893	47,226
Percentage of investments made		88.20%	96.74%

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

		%		%
Bank balances / deposits	38,572	76	27,686	59
Mutual funds	12,321	24	12,511	26
National Saving Schemes	-	0	7,029	15
	50,893		47,226	

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

40. NUMBER OF EMPLOYEES

The number of employees at the year ended were 136 (2015:140) and average number of employees during the year were 139 (2015: 155).

41. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there were no material reclassification.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2016 by the board of directors of the Company.

43. GENERAL

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

Chief Executive

Director

CONSOLIDATED FINANCIAL STATEMENTS

Parker Randall International
Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Telecard Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its Subsidiary Companies. The financial statements of Telecard Asia (UK) Limited, Nexus Communications (Private) Limited, Glitz Communications (Private) Limited and Globetech Communications (Private) Limited were un-audited and the financial statements of Supernet Limited, Telecard E-Solutions (Private) Limited and Telegateway Limited were audited by us for which we have expressed separate opinions.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2016 and the results of its operations for the year then ended, in accordance with approved accounting standards as applicable in Pakistan.

We draw attention to the contents of:

i) notes 14.2 (a) to the accompanying consolidated financial statements in respect of the lawsuit filed by the Group during the year ended June 30, 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made in the accompanying consolidated financial statements for any amount that may not be recoverable;

ii) note 14.2 (b) to the accompanying consolidated financial statements with regard to a lawsuit filed by the PTCL against the Group during the year ended June 30, 2002. Pending a final decision, the Group has not made any provision in the accompanying consolidated financial statements for the amount claimed by the PTCL;

iii) note 14.3 to the accompanying consolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the remaining sum of Rs. 2,379.101 million in the accompanying consolidated financial statements; and

Parker Randall International

Parker Randall-A.J.S.
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iv) notes 28.1 to 28.21 to the accompanying consolidated financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying consolidated financial statements for any liability that may arise there from;

Our opinion is not qualified in respect of the above matters.

Parker Randall-AJS

Chartered Accountants

Audit Engagement Partner: Muhammad Shabbir Kasbati

Date: October 07, 2016

Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in ‘000’) -------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	847,327	930,566
Intangible assets	5	1,523,346	1,704,943
		2,370,673	2,635,509
Long-term deposits	6	64,183	59,385
Long-term investments	7	-	-
Deferred taxation	8	317,739	390,455
		2,752,595	3,085,349
CURRENT ASSETS			
Communication stores	9	111,232	102,063
Trade debts	10	1,169,104	928,202
Loans and advances	11	88,370	34,619
Deposits and prepayment	12	85,644	75,412
Accrued mark-up	13	27,486	27,967
Other receivables	14	3,111,183	3,184,141
Taxation – net	15	306,866	283,305
Bank balances	16	22,812	108,476
		4,922,697	4,744,185
TOTAL ASSETS		7,675,292	7,829,534
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorized			
400,000,000 (2015: 400,000,000) ordinary shares of Rs.10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up Capital	17	3,000,000	3,000,000
Accumulated loss		(78,226)	(130,437)
		2,921,774	2,869,563
NON-CURRENT LIABILITIES			
Long-term loans	18	187,262	247,387
Reedeemable capital	19	747,036	-
Advance from Contractor	20	396,619	411,445
Long-term deposits	21	41,182	44,458
Deferred liabilities	22	1,591,764	1,592,977
		2,963,863	2,296,267
CURRENT LIABILITIES			
Trade and other payables	23	1,468,927	1,276,878
Accrued interest / mark-up	24	68,135	409,870
Short-term running finances	25	162,872	127,831
Short term borrowing	26	30,000	51,597
Current maturities of long-term liabilities	27	59,721	797,528
		1,789,655	2,663,704
CONTINGENCIES AND COMMITMENTS	28	-	-
TOTAL EQUITY AND LIABILITIES		7,675,292	7,829,534

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in ‘000’) -------	
Revenue – net	29	2,755,699	2,644,373
Direct costs	30	2,192,786	2,028,650
Gross profit		562,913	615,723
Distribution costs and administrative expenses	31	607,556	512,284
Other operating expenses	32	20,533	17,457
		628,089	529,741
Other income	33	(411,905)	(162,898)
		216,184	366,843
Operating profit		346,729	248,880
Finance costs	34	67,024	178,760
Profit before taxation		279,705	70,120
Taxation	35	227,494	56,225
Net profit for the year		52,211	13,895
Earning per share - basic and diluted - (Rupees)	36	0.17	0.05

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	------- (Rupees in '000') -------	
Net profit for the year	52,211	13,895
Other comprehensive income	-	-
Total comprehensive income for the year	52,211	13,895

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	302,699	328,195
Income tax paid		(178,339)	(102,489)
Finance costs paid		(44,909)	(48,389
Retirement benefits paid		(1,540)	(2,239)
Liability for long-term deposits		(38,928)	(14,634)
Long-term deposits		(4,798)	3,600
Net cash generated from operating activities		34,185	164,044
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(119,252)	(80,539)
Intangible		-	(400)
Proceeds from disposal of property, plant and equipment		664	2,125
Net cash used in investing activities		(118,588)	(78,814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of redeemable capital		-	(44,595)
Repayment of long-term finances		(14,705)	104,481
Repayment of short-term borrowings		(21,597)	(42,160)
Proceeds from/(Repayment) of short-term running finances		35,041	(170,589)
Net cash used in financing activities		(1,261)	(152,863)
Net decrease in cash and cash equivalents		(85,664)	(67,633)
Cash and cash equivalents at the beginning of the year		108,476	176,109
Cash and cash equivalents at the end of the year		22,812	108,476

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid-up capital	Un-appropriated profit/ (loss)	Total
	---------------------- (Rupees in '000')	---------------------	
Balance as at July 01,2014	3,000,000	(144,332)	2,855,668
Net profit for the year	-	13,895	13,895
Other comprehensive income	-	-	-
Total comprehensive income	-	13,895	13,895
Balance as at June 30, 2015	3,000,000	(130,437)	2,869,563
Net profit for the year	-	52,211	52,211
Other comprehensive income	-	-	-
Total comprehensive income	-	52,211	52,211
Balance as at June 30, 2016	3,000,000	(78,226)	2,921,774

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:
> Telecard Limited - Holding Company
> Supernet Limited - Subsidiary Company
> Telecard Asia (UK) Limited - Subsidiary Company
> Telecard E-Solutions (Private) Limited - Subsidiary Company
> Telegateway Limited - Subsidiary Company
> Nexus Communication (Private) Limited - Subsidiary Company
> Glitz Communication (Private) Limited - Subsidiary Company
> Globetech Communication (Private) Limited - Subsidiary Company

Telecard Limited was incorporated in Pakistan on October 29, 1992 as a public limited company. The shares of the Holding Company are listed on the Pakistan Stock Exchange. The Holding Company is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones. The registered office of the Holding Company is located at World Trade Centre 75-East Blue Area, Fazal-ul-Haq road, Islamabad. The principal place of business of the Company is located at World Trade Centre, 10- Khayaban-e-Roomi, Clifton, Karachi.

Supernet Limited is engaged in providing satellite and microwave communication services e.g. internet, radio links, Single Channel Per Carrier (SCPC), Time Division Multiple Access (TDMA), etc. and sale and installation of related equipment and accessories. Telecard Limited holds 100% equity of Supernet Limited.

Telecard Asia (UK) Limited is engaged in providing international telecommunication service. Telecard Limited holds 100% equity of Telecard Asia (UK) Limited.

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

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

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

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

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

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

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Companies and prepared using uniform accounting policies. The assets, liabilities, income and expenses of the Subsidiary Companies have been consolidated on a line by line basis. Inter-group transactions and balances have been eliminated for the purpose of consolidation.

2.3 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain employees' benefits and liabilities which have been carried at present value.

2.4 Functional and presentation currency

Items included in the consolidated financial statements 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 Pakistan Rupee (Rs), which is the Group's functional and presentation currency.

2.5 Standards, interpretations and amendments to approved accouting standards

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

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

Standard / amendments / interpretation		Effective date (accounting periods beginning on or after)
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 01, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2016
IFRS 16	Leases	January 01, 2019
IFRS 10, 12 & IAS 28	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate	January 01, 2016
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IAS 19	Employee Benefits (Amendments)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2016

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

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 1	First - Time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

2.5.2 Standards, amendments and interpretations adopted during the year

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

IFRS 10	Consolidated Financial Statements
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

2.6 Significant accounting estimates and judgments

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

	Note
Determining the residual values and useful life of fixed assets.	3.1, 4 & 5
Impairment of;	3.1, 4 & 5
> Fixed assets	3.1, 4 & 5
> Long term investments	3.2 & 7
Provision for doubtful debts and other receivables	3.4, 10 & 14
Recognition of tax and deferred tax	3.13, 8, 15 & 35
Advance from a Contractor	20
Other provisions and contingent liabilities	3.19 & 28
Provision for employees benefits	3.12 & 22

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Fixed Assets

3.1.1 Property, plant and equipment

Operating fixed assets - Owned

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

Subsequent costs, if reliably measureable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to income during the period in which they are incurred.
Depreciation is charged to income 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 4.1 to these consolidated financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment loss, if any, or its reversal, is also charged to comprehensive income for the year. Where an impairment loss is recognized, 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 for the month of acquisition and up to the month preceding the deletion, respectively.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on derecognition of an asset (calculated as the difference between the sale proceeds and the carrying amount of the asset) is recognized in income 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.

3.1.2 Intangible assets

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

3.1.3 Computer software

These are carried at cost less accumulated amortization, and any identified impairment losses. Amortization is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives specified in note 5, and is charged to income for the year. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

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

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a Subsidiary Company at the date of acquisition. Impairment testing is performed annually in respect of the same.

3.2 Investments

Available for sale

These are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for-sale reserve until (i) the investment is derecognized, at which time the cumulative gain or loss is recognized in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognized in the profit and loss account.

For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which quoted market is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

3.3 Communication stores

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

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

3.4 Trade debts and other receivables

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

3.5 Loans, advances and deposits

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying value.

3.6 Cash and cash equivalents

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

3.7 Trade and other payables

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

3.8 Provisions

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

3.9 Financial instruments

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

3.10 Offsetting financial assets and financial liabilities

Financial asset and financial liability 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 recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Impairment

Financial assets

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

Non financial assets

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

3.12 Employees' retirement benefits

Gratuity fund

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

Provident fund

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

Compensated absences

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

3.13 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.

3.14 Foreign currency translation

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

3.15 Borrowing costs

Finance costs incurred to finance the acquisition of various licenses from Pakistan Telecommunication Authority (PTA) and the construction and installation of network assets are capitalized up to the time such assets get ready for intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

3.16 Revenue

Revenue from enterprise sale services is recognized on accrual basis.

Revenue from Long Distance International (LDI) license is recognized at the time the call is terminated over the Company's network in case of international incoming calls and when the calls are handed over to international operators in case of outgoing calls.

In case of sharing arrangements with local operators, proportionate share is recognized at the time of termination of calls on designated operator's network.

Revenue from data networking services is recognised upon the rendering of such services.

Return on bank balances is accrued using effective interest method.

Revenue from sale of equipment is recognised when equipment is dispatched to customers.

3.17 Interconnect charges and liability

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

3.18 Dividend and other appropriation of reserves

Final dividends and appropriation to general reserves are recognized in the financial statements in the period in which these are approved. Interim dividends are recognized in the period in which these are declared by the Board of Directors.

3.19 Other provisions and contingent liabilities

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

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2016	June 30, 2015
Operating fixed assets	4.1	839,575	924,988
Capital work in progress	4.2	7,752	5,578
		847,327	**930,566**

4.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2015	Additions/ Transfers*	(Disposal)	As at June 30, 2016	As at July 01, 2015	For the year	(On disposals)/ transfers	As at June 30, 2016	As at June 30, 2016	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		13,157	405	-	13,562	4,342	1,963	-	6,305	7,257	20%
Building on freehold land		625	-	-	625	437	31	-	468	157	5%
Apparatus, plant and equipment	4.1.1.1 & 4.2	7,098,680	102,684 6,265	-	7,207,629	6,235,285	186,770	-	6,422,055	785,574	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		80,202	3,984	-	84,186	57,405	4,130	-	61,535	22,651	10%
Computers and related accessories	4.1.1.2	101,923	3,690	(125)	105,488	92,888	5,882	(78)	98,692	6,796	33%
Vehicles	4.1.1.2	39,470	50	(1,044)	38,476	21,732	3,668	(1,044)	24,356	14,120	20%
		7,367,952	110,813 6,265	(1,169)	7,483,861	6,442,964	202,444	(1,122)	6,644,286	839,575	
June 30, 2016		7,367,952	117,078	(1,169)	7,483,861	6,442,964	202,444	(1,122)	6,644,286	839,575	

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

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2014	Additions / Transfers*	(Disposal)	As at June 30, 2015	As at July 01, 2014	For the year	(On disposal / transfers*)	As at June 30, 2015	As at June 30, 2015	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		4,844	8,313	-	13,157	3,903	439	-	4,342	8,815	20%
Building on freehold land		625	-	-	625	406	31	-	437	188	5%
Apparatus, plant and equipment	4.1.1.1 & 4.2	7,041,532	57,148	-	7,098,680	5,949,107	286,178	-	6,235,285	863,395	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		73,098	7,104	-	80,202	52,835	4,570	-	57,405	22,797	10%
Computers and related accessories		95,689	6,234	-	101,923	86,926	5,962	-	92,888	9,035	33%
Vehicles		42,499	-	(3,029)	39,470	20,765	3,996	(3,029)	21,732	17,738	20%
		7,292,182	**78,799**	**(3,029)**	**7,367,952**	**6,144,817**	**301,176**	**(3,029)**	**6,442,964**	**924,988**	
June 30, 2015		**7,292,182**	**78,799**	**(3,029)**	**7,367,952**	**6,144,817**	**301,176**	**(3,029)**	**6,442,964**	**924,988**	

4.1.1 This include:

4.1.1.1 The cost of fully depreciated asset as at June 30, 2016 was Rs. 6,052.578 (2015: Rs. 4,773.06) million.

4.1.1.2 The following assets were disposed off during the year.

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of sale	Particulars of buyers
	---------------------- (Rs. in '000')-----------------						
Computers							
Laptop	56	34	22	22	-	Negotiation	Anjum Abbasi
Laptop	69	44	25	25	-	Negotiation	Khurram Mubarak
Vehicles							
Suzkuki Bolan	367	367	-	197	197	Negotiation	Haq Nawaz
Suzkuki Mehran	304	304	-	195	195	Negotiation	Haq Nawaz
Suzkuki Mehran	373	373	-	225	225	Negotiation	Muhammad Ayub
	1,169	1,122	47	664	617		

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
4.1.2 Depreciation for the year has been allocated as follows			
Direct costs	30	186,686	286,094
Distribution costs and administrative expenses	31	15,758	15,082
		202,444	301,176

	Owned equipments	Advances to suppliers	Total
	------------- (Rupees in '000') -------------		
4.2 Capital work-in-progress			
As at July 01, 2015	-	5,578	5,578
Addition during the year	14,017	(5,578)	8,439
Transfer to apparatus, plant and equipment	(6,265)	-	(6,265)
June 30, 2016	7,752	-	7,752
June 30, 2015	-	5,578	5,578

5. INTANGIBLE ASSETS

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Intangible assets	5.1	1,522,806	1,704,403
Capital work in progress-software development		540	540
		1,523,346	1,704,943

5.1 The statement of intangible assets is as follows:

	Note	Cost			Accumulated amortization				W.D.V.	
		As at July 01, 2015	Disposal during the year	As at June 30, 2016	As at July 01, 2015	For the year	(On disposal)	As at June 30, 2016	As at June 30, 2016	Period years
		---- (Rs. in '000') ----								
WLL Licenses	5.1.1	3,345,096	-	3,345,096	1,725,386	179,969	-	1,905,355	1,439,741	16-20
LDI License	5.1.2	29,029	-	29,029	14,964	1,548	-	16,512	12,517	18-20
Computer software		39,236	-	39,236	38,856	80	-	38,936	300	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2016		**3,530,225**	**-**	**3,530,225**	**1,825,822**	**181,597**	**-**	**2,007,419**	**1,522,806**	

	Note	Cost			Accumulated amortization				W.D.V.	
		As at July 01, 2014	Disposal during the year	As at June 30, 2015	As at July 01, 2014	For the year	(On disposal)	As at June 30, 2015	As at June 30, 2015	period years
		---- (Rs. in '000') ----								
WLL Licenses	5.1.1	3,345,096	-	3,345,096	1,545,417	179,969	-	1,725,386	1,619,710	16-20
LDI License	5.1.2	29,029	-	29,029	13,416	1,548	-	14,964	14,065	18-20
Computer software		38,836	400	39,236	38,836	20	-	38,856	380	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2015		**3,529,825**	**400**	**3,530,225**	**1,644,285**	**181,537**	**-**	**1,825,822**	**1,704,403**	

5.1.1 These represent cost of non-exclusive licenses granted by the PTA to the Group for providing certain telecommunication services in the specified regions of the country and for establishing, maintaining and operating a telecommunication system, in accordance with the terms and conditions of the licenses. The licenses are effective for a period of 16-20 years, commencing August 04, 2004.

This also include frequency NTR-II in respect of which the Group has given an option to a telecom operator to consider acquiring the same. The amortized cost of the frequency is Rs. 14.497 million.

5.1.2 This represents cost of non-exclusive license granted by the PTA to the Group for providing the LDI telecommunication services in the country for a effective period 18-20 years, commencing July 27, 2004.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in ‘000’) -------	
5.2 Amortization for the year has been allocated as follows:			
Direct costs	30	181,517	181,517
Distribution costs and administrative expenses	31	80	20
		181,597	181,537

6. LONG-TERM DEPOSITS

Security deposits

	June 30, 2016	June 30, 2015
Line deposits – PTCL	45,778	45,778
Rented premises	3,018	3,174
China Orient Telecom Satellite Group	6,473	6,473
ABS Global Middle East	3,454	-
Guarantee margin	5,000	3,500
Others	460	460
	64,183	59,385
	64,183	59,385

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

7. LONG-TERM INVESTMENT

	Note	June 30, 2016	June 30, 2015
Unquoted - at cost			
Augere Holding (Netherland) B.V.	7.1	480,630	480,630
Less: Provision for impairment		(480,630)	(480,630)
		-	-

7.1 For the purpose of impairment testing, the carrying amount of investment has been compared with the estimated recoverable amount, determined on the basis of fair value, as the investee company has negative equity and the Group does not expect any cash flows from the investment in the forseeable future. Accordingly, fair value is estimated as Nil and the entire carrying amount of investment has been impaired.

8. DEFERRED TAXATION

	June 30, 2016	June 30, 2015
Deferred tax credits arising on		
Accelerated tax depreciation	(11,332)	-
Amortisation of intangible assets	(409,936)	(446,413)
	(421,268)	(446,413)
Deferred tax debits arising from		
Retirement benefits	1,898	1,979
Accelerated tax depreciation	21,358	2,404
Short-term provisions	510,143	494,821
Tax losses brought forward	205,608	337,664
	739,007	836,868
	317,739	390,455

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

9. COMMUNICATION STORES

	Note	June 30, 2016	June 30, 2015
Stores		118,703	110,524
Provision for slow moving stores	9.1	(10,743)	(10,743)
		107,960	99,781
Consumables		3,272	2,282
		111,232	102,063

9.1 Provision against slow moving stores:

		June 30, 2016	June 30, 2015
Balance at the end of the year		10,743	10,743

10. TRADE DEBTS

Unsecured - considered good

	Note	June 30, 2016	June 30, 2015
Related parties	10.1	5,034	5,251
Others		1,164,070	922,951
Considered doubtful		239,192	226,031
Provision for debts considered doubtful	10.2	(239,192)	(226,031)
		-	-
		1,169,104	928,202

10.1 Related parties

		June 30, 2016	June 30, 2015
Arfeen International (Private) Limited		1,677	1,456
World Trade Center (Private) Limited		1,218	795
Grand Leisure Corporation (Private) Limited		1,256	1,647
Envicrete Limited		685	1,007
Port Grand Limited		198	346
		5,034	5,251

10.2 Provision for debts considered doubtful

	Note	June 30, 2016	June 30, 2015
Opening balance		226,031	258,419
Charge for the year	31	13,161	16,373
Provision written off against trade debts		-	(48,761)
		239,192	226,031

10.3 As at June 30, 2016, 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: > one year
	------------	------------	(Rupees in '000)	------------
Others	1,164,070	221,198	577,887	364,985
Related parties	5,034	1,128	2,746	1,160
June 30, 2016	1,169,104	222,326	580,633	366,145
Others	922,951	202,610	434,834	285,507
Related parties	5,251	355	645	4,251
June 30, 2015	928,202	202,965	435,479	289,758

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000')	-------
11. LOANS AND ADVANCES			
Loans – unsecured			
Considered good	11.1	30,000	-
Related Party		30,000	-
Advances– unsecured			
Considered good			
Executives	11.2	3,498	3,363
Employees		17,609	6,561
Suppliers		37,263	24,695
		58,370	34,619
Considered doubtful			
Executives		276	276
Employees		1,765	1,765
Suppliers		3,282	3,282
Provision for advances considered doubtful	11.3	(5,323)	(5,323)
		-	-
		58,370	34,619
		88,370	34,619

11.1 This respresent short term loan to a related party i.e. World Trade Centre (Private) Limited, carrying markup rate of 3 months KIBOR plus 2.40% (2015:Nil) per annum.

11.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs 3.783 (2015: Rs.4.325) million.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
11.3 Provision for advances considered doubtful			
Opening balance		5,323	4,500
Provision for the year	31	-	823
		5,323	5,323

12. DEPOSITS AND PREPAYMENTS

	Note	June 30, 2016	June 30, 2015
Deposits			
Deposits to foreign satellite bandwidth providers		21,803	15,195
Earnest money		11,582	7,472
Margin against guarantee		6,552	-
Others		2,311	2,155
		42,248	24,822
Considered doubtful			
Earnest money		2,441	2,441
Provision against deposits considered doubtful		(2,441)	(2,441)
		-	-
Prepayments			
Rent		16,711	24,108
Interconnect operators		24,895	25,480
Others		1,790	1,002
		43,396	50,590
		85,644	75,412

13. ACCRUED MARK-UP

	Note	June 30, 2016	June 30, 2015
Due from a bank	13.1	55,587	57,364
Mark-up on current accounts with related parties	13.2	20,486	19,190
		76,073	76,554
Provisions against accrued markup	13.1	(48,587)	(48,587)
		27,486	27,967

13.1 This includes claim lodged with commercial bank durig the year ended June 30, 2005 in respect of funds raised through Term Finance Certificates, held by the bank. Pending settlement the management has made full provision against the same.

13.2 Related parties

	June 30, 2016	June 30, 2015
Instaphone (Private) Limited	2,137	2,137
Arfeen International (Private) Limited	17,219	17,053
World Trade Centre (Private) Limited	1,130	-
	20,486	19,190

14. OTHER RECEIVABLES

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Considered good			
Related parties	14.1	6,706	9,467
Others			
Karachi Relief Rebate	14.2	651,541	651,541
Amount withheld by PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		345,594	331,861
Pakistan Telecommunication Authority	14.3	1,988,466	2,077,498
Claim against a bank	14.4	998	998
Insurance claims		3,321	2,343
Due from a contractor		7,488	8,196
Deposit with FBR under Tax Amnesty scheme	14.6	2,991	2,991
Others		8,037	3,205
		3,104,477	3,174,674
Considered doubtful			
Pakistan Telecommunication Company Limited	14.4	727,303	727,303
Pakistan Telecommunication Authority		91,176	-
Due from Zonal employees		15,874	15,874
Insurance claim		8,628	8,628
Others		4,369	4,369
		847,350	756,174
Provision for other receivables considered doubtful	14.7	(847,350)	(756,174)
		-	-
		3,111,183	3,184,141

14.1 Related parties

	2016	2015
Instaphone (Private) Limited	3,049	3,049
Grand Leisure Corporation (Private) Limited	747	747
Pakcom Limited	-	2,836
Paktel Limited	1,228	1,228
Envicrete Limited	1,292	1,217
Arfeen International (Private) Limited	390	390
	6,706	9,467

The above amounts due from related parties represent current account balances which are recoverable on demand.

14.2 (a) The Government of Pakistan offered the Karachi Relief Rebate Package and PTCL started paying the same upto June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payment against the said package. The Group in the year 2000 filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs. 71.276 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.924 million. The Court, during the year ended June 30, 2002, passed an interim order in favor of the Group and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

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

14.2 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Group for the recovery of Rs. 334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Group. The Court, in its order dated June 25, 2003, ordered the Group not to create third party interest on its fixed assets as well as undertakings except in the ordinary course of business till the disposal of this case.

In the view of the legal advisor of the Group, the Group has a strong case and the likelihood of the Group loosing the case is remote. Hence, the mangement is confident about the realization of the said amount and considered the recovery of the sum to be virtual.

14.3 In March 2007, the PTA issued show cause notices to eight telecom companies, including the Group, in respect of Access Promotion Contribution (APC) for Universal Service Fund (USF) under the AP Rules, 2004 and AP Regulations, 2005. In case of the Group, the amount demanded was Rs.29.473 million. A stay order against the PTA determination was obtained by the Group through the Islamabad High Court and repatriation was filed against the PTA and others. During the year ended June 30, 2009, the Islamabad High Court decided the case in favour of the PTA. The Group, along with other LDI licensees, as a result thereof had filed an appeal in the Supreme Court of Pakistan, which has been dismissed. However review petition has been filed by the Group which is in the initial stages of hearing.

Further, the PTA demanded on behalf of the USF a sum of Rs. 4,429.269 million in respect of APC for USF on the basis of international termination traffic by the Group up to September 30, 2012, in addition to Rs. 29.473 million, aggregating to Rs. 4,458.742 million (June 30, 2015: Rs. 4,458.742 million), against which the Group paid a sum of Rs. 2,079.641 million under protest (June 30, 2015: Rs. 2,077.498) million. Pending a final decision in this matter, the Group has recorded the said sum as due from the PTA under other receivables and has not adjusted the same nor any provision has been made for the remaining sum of Rs. 2,379.101 (June 30, 2015: Rs. 2,381.244) million in these financial statements. However, during the year as a matter prudence management has made a provision of Rs. 91.176 million (2015: Nil) in these financial statements. As management, based on the legal opinion received from its legal advisor in this regard, is confident that no futher provision is necessary as it will succeed in recovering the above referred sum.

The Group has obtained interim injunctions from the Sindh High Court preventing any adverse actions, by the PTA on the basis that it has not correctly adjusted payments received from the Group, and that it is not following the provisions of Access Promotion Rules, 2004 and Access Promotion Regulations, 2005.

Further, during the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic.

During the year ended June 30, 2013, the Competition Commission of Pakistan (CCP) had imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012 and also a fine of Rs. 1.000 million each. The Group instituted a Constitutional Petition before the High Court of Sindh for setting asisde the order dated April 30, 2013 passed by CCP. The Sindh High Court had suspended the impugned order on September 05, 2013.

14.4 This represents amount due from a bank in respect of the PTCL bills paid by the Group to the bank but not passed over to the PTCL. The Group has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2015: Rs. 0.998) million and damages, aggregating to Rs. 8.245 (2015: Rs. 8.245) million, against the bank. Accordingly, pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

14.5 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,000.000 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Justice (R) Nasir Aslam Zahid. The arbitration proceedings have commenced and the Group has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Group has also filed a claim for damages in the sum of Rs. 2,300.000 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

14.6 During the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Group as assessee in default for non deduction of with holding 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 Group filed an appeal before the Commissioner Inland Revenue (Appeals)(CIRA) which was rejected. The Group filed second appeal before the Appellate Tribunal. Inland Revenue(ATIR), which is pending adjudication and the Group made a payment of Rs. 2.605 million, being 50% of above stated tax demand. Later on the Group 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 Group has paid the original tax demand, the default surcharge stood waived. The OIR rejected the Group's plea and demanded the payment of default surcharge. Group filed a appeal before the CIRA which was rejected.

The Group 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 Group. As per the legal advisor, on the conclusion of pending proceedings the tax paid by the Group would become refundable.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000)' -------	
14.7 Provision for other receivables considered doubtful			
Opening balance		756,174	756,174
Provision for other receivables	31	91,176	-
		847,350	756,174
15. TAXATION – net			
Advance income tax		461,644	310,699
Provision for taxation - current	35.1	(154,778)	(27,394)
		306,866	283,305
16. BANK BALANCES			
Cash at banks:			
In current accounts			
Local currency		1,985	34,766
Foreign currency		58	3,612
		2,043	38,378
In saving accounts			
Local currency	16.1	20,115	69,398
Cash in hand		654	700
		22,812	108,476

16.1 These carry mark-up at rates, ranging between 5% and 6% (2015: 4.5% and 7.06%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2016	June 30, 2015	
Number of shares		
300,000,000	300,000,000	Ordinary shares of Rs.10/- each fully paid in cash
3,000,000	3,000,000	

17.1 As at the end of the current year, 88,964,757 (2015: 88,962,757) Ordinary shares of Rs.10 each, amounting to Rs.889.648 (2015: Rs.889.628) million, were held by the related parties of the Group.

18. LONG-TERM LOANS

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Secured			
From banks and financial institutions			
Demand finance	18.1	98,412	113,117
Diminishing Musharakah	18.2	145,614	145,614
		244,026	258,731
Current maturity of local currency loans shown under current liabilities	27	(56,764)	(11,344)
		187,262	247,387

18.1 The facility was obtained during the year ended June 30, 2007 from a commercial bank which was restructured on three instances and currently repayable in six stepped up semi-annual installments starting from July 22, 2015.

The loan carries markup at the rate of six month KIBOR plus 2.4 % (2015: six month KIBOR plus 2.4%) per anum, with the markup payable semi annually. The facility is secured against first pari passu charge over all fixed assets, ranking charge on all present and future fixed assets and first pari passu charge over the current assets of the Group.

18.2 This represents diminishing musharakah facility from an islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with islamic bank. This facility is for the period of five years with the grace period of 12 months repayable in 48 monthly installments starting from July 11, 2016. The facility carries profit at the rate of 3 month KIBOR (2015: 3 month KIBOR) per anum and it is secured against pari passu charge over the current assets of the Group and ranking charge over the fixed assets of the Group.

19. REDEEMABLE CAPITAL

	Note	June 30, 2016	June 30, 2015
Secured			
Term Finance Certificates	19.1	747,036	747,575
Current maturity of redeemable capital shown under current liabilities			
Amount overdue	27	-	(747,575)
		747,036	-

19.1 This represents listed Term Finance Certificates (TFC's) issued by the Group. Effective from December 31, 2015 these TFC'c have been restructured for the period of five years carrying markup payable on quaterly basis and principal amount redeemable in 12 unequal quarterly installments starting from March 31, 2018. These TFC's carry markup at the rate of three months KIBOR (2015: 3 months KIBOR plus 5.04%).

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs.800.000 (2015: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

	June 30, 2016	June 30, 2015
	------- (Rupees in ‘000’) -------	
20. ADVANCE FROM A CONTRACTOR		
Unsecured		
Advance from a Contractor	411,445	424,915
Exchange loss/(gain) on translation	12,038	12,558
Trade debts applied there against	(26,864)	(26,028)
	396,619	411,445

20.1 On April 30, 2010, the Group received payment on account of provision of infrastructure services to the contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million to be issued by the Group.

20.2 Although the Agreement does not specify the period in which such infrastructure services are to be provided by the Group to the contractor, it is assumed that the balance value of the Credit Note is available for the Group utilization over the balance life of WLL licences. Since the Credit Note in question has not been finalized to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

21. LONG-TERM DEPOSITS

	Note	June 30, 2016	June 30, 2015
Security deposits			
Telenor LDI Communication (Private) Limited		-	35,652
Pakistan Mobile Communication (Private) Limited		8,871	8,872
Current portion shown under current liabilities	27	(2,957)	(38,609)
		5,914	5,915
Distributors		6,014	6,014
Indoor call point holders		380	3,740
Others		28,874	28,789
		41,182	44,458

21.1 These deposits obtained from customers against different sale agreements are repayable on demand and are non-interest bearing.

22. DEFERRED LIABILITIES

	Note	June 30, 2016	June 30, 2015
Staff gratuity	22.1	6,264	7,477
Spectrum fee payable	22.2	1,585,500	1,585,500
		1,591,764	1,592,977

22.1 Staff gratuity

Reconciliation of obligations as at year end

	Note	June 30, 2016	June 30, 2015
Present value of defined benefit obligation	22.1.1	6,264	7,477

22.1.1 Movement in liability

	June 30, 2016	June 30, 2015
Net liability at beginning of the year	7,477	9,001
Charge for the year	327	715
Benefits paid during the year	(1,540)	(2,239)
	6,264	7,477

22.1.2 Principal actuarial assumptions

The latest valuation was carried out as at June 30, 2013, using Projected Unit Credit Method. Following assumptions had been used for valuation of the scheme:

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Expected rate of increase in salaries, per annum	9.50%	9.50%
Expected discount rate, per annum	10.50%	10.50%

22.1.3 Comparison for five years

	2016	2015	2014	2013	2012
	-------------------- (Rupees in '000) --------------------				
Present value of defined benefit obligation	6,264	7,477	9,001	11,847	9,015

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
22.2 Spectrum for payable	1,585,500	1,585,500

22.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Group, as referred to in note 5. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. On March 10, 2010, the Group received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal installments, commencing from the year 2009. However, few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Group on June 02, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The Group instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set aside. However, during the year ended June 30, 2011, the MoIT vide its letter dated August 30, 2011, accepted the long outstanding request of the WLL industry and instructed the PTA to collect the balance fees in installments.

Subsequently, the IHC allowed installments of balance initial spectrum fee as prayed by the Group in line with the directive of MoIT dated August 30, 2011. The MoIT instructed PTA to seek installment plan from the operators for onward submission to the Ministry with its recommendation.

PTA has asked for such installment plan which was provided by the Group. However, PTA did not send it to MoIT on the basis of challenging the Islamabad High Court Order through Intra Court Appeal which is pending adjudication. Since the installment plan is yet to be communicated to the Group by MoIT pending which the liability has not been discounted to its present value.

23. TRADE AND OTHER PAYABLES

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
Trade			
Pakistan Telecommunication Company Limited			
Wireless payphone service (WPS)	23.1	609,708	609,708
LL & LDI charges		73,958	60,367
Others		820	794
		684,486	670,869
Interconnect operators		44,698	25,709
Others		359,535	242,871
		1,088,719	939,449
Other payables			
Current accounts with related parties	23.2	82,736	62,853
Pakistan Telecommunication Authority		69,804	68,183
Advances from franchisees		200	200
Unearned income		72,238	57,442
Accrued liabilities		131,918	130,577
Unclaimed dividend		4,394	7,394
Workers ' Welfare Fund		9,839	4,164
Others		9,079	6,616
		380,208	337,429
		1,468,927	1,276,878

23.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs. 968.000 (2015: Rs. 968.000) million on account of air time charges, line rent and access charges and Rs. 276.000 (2015: Rs. 276.000) million in respect of leased line charges from the Group. Further, the PTCL raised a bill for Rs. 102.080 million and Rs. 50.912 million for years ended June 30, 2009 and June 30, 2010. Hence, total amount claimed by the PTCL as at December 31, 2010 amounted to Rs. 1,396.992 million.

The management, while acknowledging the liability to the extent of Rs. 609.708 (2015: Rs. 609.708) million does not accept the liability for the remaining sum of Rs. 787.284 (2015: Rs. 787.284) million and has not recorded the same in these financial statements. In this respect, the Group, during the year ended June 30, 2007, paid a sum of Rs.100.000 million and Rs. 170.000 million between May 2008 to Febraury 2009 to the PTCL under protest to ensure uninterrupted WPS. However, the services under WPS agreement are no longer required by the Group.

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
23.2 Related parties		
World Trade Center (Private) Limited	21,099	6,730
Envicon (Private) Limited	-	64
Arfeen International (Private) Limited	18,259	13,234
Total Telecom Limited	421	421
Instaphone Infrastructure (Private) Limited	37,297	36,851
Chaman Investment (Private) Limited	4,703	4,703
Port Grand	107	-
Societe Generale (Private) Limited	850	850
	82,736	62,853

23.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 6 months KIBOR plus 3.5% per annum.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
24. ACCRUED INTEREST / MARK-UP			
On secured			
Long-term loans	18	20,065	15,428
Redeemable capital	19	11,794	360,220
Short-term running finances	25	14,402	13,537
		46,261	389,185
On unsecured			
Short term borrowings	26	4,836	4,426
Current accounts with related parties		17,038	16,259
		68,135	409,870

25. SHORT-TERM RUNNING FINANCES

From banks – secured		162,872	127,831

The Group has arranged short-term running finance facilities, aggregating to Rs.150 (2015: Rs.150) million from a commercial bank. This carry mark-up three months KIBOR plus 2.4% (2015: three months KIBOR plus 3.5%) per annum, payable quarterly. These facilities are secured by a first charge on the stock and the book debts of the Group. During the year ended June 30, 2016 the Group obtained a temporary extension of Rs. 13 million for a period of 30 days from the date of disbursement.

26. SHORT-TERM BORROWING

Secured from banks	26.1	30,000	-

26.1 During the year ended June 30, 2016 the Group obtained a short term finance facility, aggregating to Rs, 30.00 million form a commercial bank. This carry mark-up three month KIBOR plus 5% per annum. These facilities are secured by first charge on the TCF of the group.

Unsecured
Loan from a related party

World Trade Center	26.2	-	51,597

26.2 The loan from the above referred related party carried markup at the rate of 6 months KIBOR plus 2.4% (2015: 6 months KIBOR plus 2.4%) per annum. This loan was paid during the current year.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
27. CURRENT MATURITIES OF LONG-TERM LIABILITIES			
Long-term loans	18	56,764	11,344
Redeemable capital	19	-	747,575
Long-term deposits	21	2,957	38,609
		59,721	797,528

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 During the year ended June 30, 2011, the PTA issued a determination letter dated October 31, 2010 alleging that the Group has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 and demanded a sum of Rs. 56.470 million from the Group on account of short payment of APC for USF. The Group has filed a Writ Petition challenging the same which is currently pending before the Islamabad High Court.

28.2 The Group filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The Court has granted interim injunction and matter is pending for hearing of application. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.

28.3 PTA, during the year 2012 , issued a show cause notice, alleging that the Group is not following the Approved Settlement Rate (ASR) while selling the international minutes as detremined by the PTA. The Group instituted a petition in the Hon'ble High Court of Sindh, challenging the notice and the Court granted a stay to the effect that PTA will not revoke or cancel the Group's license in the matter. The Sindh High Court dismissed the case as per order dated December 05, 2014 and ordered the PTA to schedule a hearing. The hearing was duly held, however the final determination is pending in this matter.

28.4 During the year ended June 30, 2012, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs. 54.548 million. The Group has challenged the determination in the High Court of Sindh.

28.5 During the year ended June 30, 2013, the Group filed an appeal before the Sindh High Court (SHC) for setting aside order dated June 30, 2012 passed by PTA whereby PTA alleges that the Group is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted stay and no coercive action can be taken by PTA.

28.6 During the year ended June 30, 2014, the Group has filed a suit before the High Court of Sindh at Karachi, seeking permanent injunction and damages impugning notice dated May 27, 2011, issued by NAB authorities for the recovery of alleged dues of Rs.1,233.540 million on account of APC for USF contribution and quashment of inquiry being conducted against the Group by NAB authorities for recovery of this amount. The Court was pleased to restrain NAB from proceeding further.

28.7 The Group has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking certain declarations and restraining orders against PTA and National Accountability Bureau challenging notice dated May 29, 2012, issued by PTA to the Group under section 5(r) of the NAB Ordinance, whereby PTA has required the Group to make payment of alleged dues of Rs. 2,400.000 million on account of Initial Spectrum Fee (ISF) contribution within 30 days from the date of the notice. The Court has suspended the operations of the said order in addition to restraining the PTA from taking any coercive action.

28.8 The Group has filed a CP before the High Court of Sindh for setting aside the order dated April 30, 2013, passed by the Competition Commission of Pakistan (CCP) whereby ICH agreement is void in terms of the Competition Act. Court has granted a stay order and the matter is currently pending.

28.9 The Group being one of the LDI operators filed a CP before the SHC, for declaring permanent injunction for setting aside Policy Directive dated June 17, 2014, issued by MoIT. On recommendation of PTA the earlier policy directive dated August 13, 2012, by way of which ICH was mandated to be established has been withdrawn. The Court has granted stay order, and the matter is currently pending.

28.10 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Group was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime.

Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Group on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs. 59.812 million. The Group has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.

An order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, for the year 2003 whereby income has been assessed at Rs. 56.923 million against the reported tax loss of Rs. 5.945 million. The Group had filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which had decided the case against the Group, after admitting an adjustment of tax refundable, amounting to Rs. 4.529 million, against tax demand of Rs. 19.358 million, thus creating a final tax demand of Rs. 14.789 million. The Group has filed an appeal in the Court, which has not been heard to-date.

The aggregate financial impact of the above matters on the tax provision made by the Group in the financial statements works out to be Rs. 74.601 (2015: Rs. 74.601) million.

28.11 During the year ended June 30, 2015, the Group has filed a Constitutional Petition against the letter issued by Assistant Commissioner, Sindh Revenue Board to deposit Rs. 824.399 (2015: Rs. 824.399) million on account of Sindh Sales Tax on services for the tax period July 2012 to July 2014. The court through its order dated December 06, 2015 restrained the respondents to take any coercive action against the Group. The appeal is currently pending before the Court.

28.12 PTCL ' s claim amounting to Rs.1,622.503 (2015: Rs.1,618.426) million in respect of monthly billing has not been acknowledged as debt by the Group. The Group maintains that the said amount is overbilled by the PTCL.

28.13 During the year 2015 a writ petition was instituted by the Group wherein the vires of late payment additional fees of Rs. 3.400 (2015: Rs. 3.400) million is imposed by PTA, has been challenged. This matter was instituted by the Group after the Supreme Court dispossed off Constituted Petition wherein it had observed that the vires of legislation could not be impugned in an appeal and whereby the Group was allowed to challenged the same vide the Constitutional jurisdiction of the High Court.

28.14 The Group filed CPLA against the judgement dated 29 May 2015 passed by the Hon'ble Islamabad High Court in first appeal against order no. 51 of 2015, whereby the appeal filed by the Group for setting aside PTA's enforcement Order dated 17 July 2012, was dismissed. The decision made the Group liable to pay Annual Radio Frequency Spectrum Fee (ARFSF) along with Late Payment Additional Fee (LPAF) under the WLL License for the year ended 30 June 2011. While the Group has settled the ARFSF principal amount in the sum of Rs. 23,761,666/- it is now contesting the LPAF imposed under clause 4.2.3 of the WLL License.

28.15 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Company Limited, Thailand, in the High Court of Sindh against the Company for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 33.988 (2015: Rs. 33.322) million. Out of this amount, a sum of Rs. 12.738 (2015: Rs. 12.738) million had been withheld from the payments made by the Company to the above-referred entity. The balance amount of Rs. 21.250 (2014: Rs. 21.250) million has not been provided for in these financial statements as the Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Company's favour, and, hence, pending a final decision by the High Court of Sindh in this matter.

28.16 A suit was filed by Huawei Technologies Group Limited, China in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs.31.410 (2015: Rs.30.795) million and a compensation of US$270,000 [approximately Rs. 28.269 (2015: Rs. 27.715) million] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the Group in the presence of a representative of the Court.However, the decision regarding the payment of compensation is still pending before the Court. The Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter.

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

28.18 During the year ended June 30, 2013, the Group received notice under section 177 of the Income Tax ordinance 2001 for the tax year 2008 and subsequently tax demand of Rs. 15.398 million was raised, the Group 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 Group by Tax Department. The management is confident that the eventual outcome of the matter will be decided in favour of the Group.

28.19 During the year ended June 30, 2016 the Group was issued a show cause notice dated March 13, 2015 stating that the Group was providing services beyond the scope of its license. Further PTA issued an enforcement order on June 14, 2016 and suspended the license of the Group for a period of 30 days. The Court has suspended the impunged order dated June 14, 2016. The case is at the stage of hearing of applications and the management is confident that the eventual outcome of the matter will be decided in favour of the Group.

28.20 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 14.2 and 23.1 to the financial statements.

28.21 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 14.3 and 22.2.1 to the financial statements.

28.22 No provision on account of above contigencies including note 28.20 and 28.21 has been made in the financial statements as the management and the tax/ legal advisors of the Group are of the view, that these matters will eventually be settled in favour of the Group.

28.23 Counter guarantees given to banks amounting to Rs.183.595 (2015: Rs.183.595) million.

		Note	June 30, 2016	June 30, 2015
			------- (Rupees in '000') -------	
29.	REVENUE – NET			
	Turnover		2,665,163	2,737,832
	APC for USF	29.1	-	(203,234)
	Trade discounts		-	(1,235)
			2,665,163	2,533,363
	Services rendered to the Contractor under the network Agreement		26,081	26,028
	Turn key Projects		34,943	-
	Sale of equipment		29,512	84,982
			2,755,699	2,644,373

29.1 This amount represents the APC for USF collected by PTCL on behalf of the Group for onward payment to USF as per the agreement dated August 30, 2012.

		Note	June 30, 2016	June 30, 2015
30.	DIRECT COSTS			
	Salaries and other benefits	30.1	155,560	143,050
	Interconnect charges - net		287,726	117,866
	Network media charges		81,898	67,214
	Network sites rent		62,323	50,418
	Network sites utilities and maintenance		72,065	58,118
	Satellite communication charges		1,039,603	939,304
	Cost of turn key projects		26,622	-
	Cost of cards sold	30.2	-	13
	Communication stores consumed	30.3	10,009	81,589
	Support service cost		19,683	26,497
	Repair and maintenance		1,153	760
	Royalty	30.4	3,011	2,712
	Consultancy charges		3,554	2,496
	Conveyance and travelling		12,082	14,365
	Communication		2,707	2,114
	Insurance		11,804	9,791
	Annual license fee		28,427	34,373
	Depreciation	4.1.2	186,686	286,094
	Amortisation	5.2	181,517	181,517
	Monitoring charges		-	3,504
	Others		6,356	6,855
			2,192,786	2,028,650

30.1 This includes a sum of Rs.2.26 (2015: Rs.2.179) million in respect of the Group's contribution towards provident fund.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	

30.2 Cost of cards sold

Opening stock		-	302
Purchases		-	-
Stock written off		-	(289)
		-	13
Closing stock			-
		-	13

30.3 Communication stores consumed

Opening stock		110,525	128,967
Purchases		18,187	63,147
		128,712	192,114
Closing stock		(118,703)	(110,525)
		10,009	81,589

30.4 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 granted on October 23, 2009 for the period of 15 years.

31. DISTRIBUTION COSTS & ADMINISTRATIVE EXPENSES

	Note	June 30, 2016	June 30, 2015
Salaries and other benefits	31.1	281,884	252,051
Postage, telephone and telex		2,010	2,153
Vehicles running and maintenance		11,545	16,069
Travelling and entertainment		19,079	26,639
Office security and maintenance		4,442	9,559
Stationery and photocopies		3,103	4,536
Rent and utilities		101,131	100,795
Insurance		5,489	6,964
Legal and professional charges		26,349	21,868
Auditor's remuneration	31.2	4,484	4,492
Sales promotion and marketing		4,164	8,296
Fee and subscription		1,309	2,012
Depreciation	4.1.2	15,758	15,082
Amortisation	5.2	80	20
Repair and maintenance		10,665	7,279
Communication		2,494	1,417
Provision for debts considered doubtful	10.2	13,161	16,373
Trade debts written-off		4,190	12,535
Provision for other receiveables considered doubtfult		91,176	-
Provision for advances considered doubtful	11.3	-	823
Stock written-off	30.2	-	289
Others		5,043	3,032
		607,556	512,284

31.1 This includes Rs. 0.327 million in respect of gratuity expense for the year (2015: Rs. 0.715 million) and Rs. 6.752 (2015: Rs. 8.267) million in respect of the Group's contribution towards provident fund.

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
31.2 Auditor's remuneration		
Fee for the audit of annual financial statements	2,702	2,694
Fee for the audit of consolidated financial statements	350	350
Fee for the review of half yearly financial statements and other certifications	1,140	1,140
Out-of-pocket expenses	292	308
	4,484	4,492

32. OTHER OPERATING EXPENSES

Exchange loss – net	14,792	16,605
Workers Welfare Fund	5,741	852
	20,533	17,457

33. OTHER INCOME

Income from financial assets		
Return on bank deposits and term deposit receipt	20,529	32,076
Liabilities no longer payable written back	363,997	93,033
	384,526	125,109
Mark-up on current accounts with related parties	1,130	2,179
Income from non-financial assets		
Gain on sale of fixed assets	617	2,125
Professional service to a related party	18,000	18,000
Others	7,632	15,485
	26,249	35,610
	411,905	162,898

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in ‘000’) -------	

34. FINANCE COSTS

Mark-up on secured:

Long-term loans		21,796	15,713
Redeemable capital		23,882	110,108
Short-term borrowings		3,769	4,422
Short-term running finances		13,334	36,577
Markup on accounts with related party		613	6,567
Bank charges		3,630	5,373
		67,024	178,760

35. TAXATION

Current	35.1	154,778	35,039
Prior		-	(7,645)
Deferred	35.2	72,716	28,831
		227,494	56,225

35.1 The relationship between income tax expense and accounting profit has not been presented in these consolidated financial statements as the provision for taxation for the current year is based on minimum tax under section 113 of the Inome Tax Ordinance, 2001.

35.2 The applicable income tax rate for Tax Year 2017 was reduced to 31% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2015. Therefore, deferred tax is computed at the rate of 31% applicable to the period when temporary differences are expected to be reversed/ utlilised.

36. EARNINGS/(LOSS) PER SHARE – BASIC AND DILUTED

Profit after tax for the year (Rupees in 000)	52,211	13,895
Weighted average number of shares	300,000,000	300,000,000
Basic earnings per share (Rupees)	0.17	0.05

There is no dilutive effect on the basic earnings of the Group.

	Note	June 30, 2016	June 30, 2015
		------- (Rupees in '000') -------	
37. CASH GENERATED FROM / (UTILISED IN) OPERATIONS			
Profit before taxation		279,705	70,120
Adjustments for non-cash charges and other items:			
Depreciation	4.1.2	202,444	301,176
Amortisation	5.2	181,597	181,537
Provision for gratuity		327	715
Finance costs		63,394	173,387
Provision for debts considered doubtful	31	13,161	16,373
Provision for other receivables considered doubtful	31	91,176	-
Provision for advances considered doubtful		-	823
Advance from contractor		(14,826)	(13,470)
Liability written back		(360,220)	-
Redeemable capital		(539)	-
Stock written-off	31	-	289
Gain on sale of fixed assets		(617)	(2,125)
		175,897	658,705
Profit before working capital changes		455,602	728,825
(Increase) / decrease in current assets			
Communication stores		(9,169)	17,762
Stock-in-trade		-	13
Trade debts		(254,063)	(364,127)
Loans and advances		(53,751)	6,058
Deposits and prepayments		(10,232)	79,163
Other receivables		(18,218)	(139,050)
Accrued mark-up		481	3,047
		(344,952)	(397,134)
Increase/(decrease) in trade and other payables		192,049	(3,496)
Cash generated from operations		302,699	328,195

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs. in '000')					
Managerial remuneration	22,184	2,003	81,029	23,181	4,937	83,625
Other perquisites and benefits:						
House rent	2,758	901	15,328	2,702	2,222	17,568
Medical	140	31	1,078	84	65	654
Retirement benefits	524	167	1,882	484	411	2,288
Perquisites and benefits	8,413	-	41,904	6,181	-	54,713
Leave passage	733	-	3,914	567	-	4,134
Utilities	613	200	3,406	3,074	494	3,772
	13,181	1,299	67,512	13,092	3,192	83,129
	35,365	3,302	148,541	36,273	8,129	166,754
Number of persons	4	1	55	4	2	80

38.1 A Director of the Group is also provided with the free use of the Group maintained car and other benefits in accordance with their terms of service.

39. 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.

39.1 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.

39.1.1 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, 2016, the Group is exposed to such risk mainly in respect of long-term and short-term borrowings and short-term investments and loan.

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. 11.556 million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

39.1.2 Foreign currency risk

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

	June 30, 2016	June 30, 2015
	----------------US$----------------	
Trade debts	900,329	2,733,812
Bank balances	583	4,052
Trade and other payables	(938,962)	(1,011,537)
	(38,050)	1,726,327

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

Exchange rate (Rupees)	104.70	101.70

The foreign currency exposure is partly covered as majority of the Group's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Group has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group ' s profit before tax and the Group ' s equity.

	Change in US dollar rate (%)	Effect on profit / (loss)	Effect on equity
		------- (Rupees in '000') -------	
June 30, 2016	+10	(398)	(398)
	-10	398	398
June 30, 2015	+10	17,557	17,557
	-10	(17,557)	(17,557)

39.1.3 Equity risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2016 the Group is not exposed to equity price risk.

39.1.4 Credit risk

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

	June 30, 2016	June 30, 2015
	------- (Rupees in ‘000’) -------	
Trade debts	1,169,104	928,202
Long-term deposits	64,183	59,385
Loans and advances	88,370	34,619
Other receivables	3,111,183	3,184,141
Accrued mark-up	27,486	27,967
Bank balances	22,158	107,776
	4,482,484	4,342,090

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

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

Trade debts		
Customers with no defaults in the past one year	1,169,104	928,202
Bank balances		
A1+	16,057	75,188
A-1+	201	252
A-2	189	20,513
A-1	5,711	11,823
A3	-	-
	22,158	107,776

39.1.5 Liquidity risk

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

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	---------------------------(Rupees in ‘000’)---------------------------				
Long-term loans	19,280	37,484	187,262	-	244,026
Redeemable capital	-	-	747,036	-	747,036
Long-term deposits	2,957	-	41,182	-	44,139
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	1,785	1,467,142	-	-	1,468,927
Accrued mark-up	68,135	-	-	-	68,135
Short-term borrowings	-	30,000	-	-	30,000
Short-term running finances	12,872	150,000	-	-	162,872
June 30, 2016	105,029	1,684,626	2,560,980	-	4,350,635

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	-------------------------- (Rupees in '000')				----------------------------
Long-term loans	5,672	5,672	247,387	-	258,731
Redeemable capital	747,575	-	-	-	747,575
Long-term deposits	2,957	35,652	44,458	-	83,067
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	60,926	1,215,952	-	-	1,276,878
Accrued mark-up	409,870	-	-	-	409,870
Short-term borrowings	51,597	-	-	-	51,597
Short-term running finances	-	127,831	-	-	127,831
June 30, 2015	1,278,597	1,385,107	1,877,345	-	4,541,049

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

39.1.6 Fair value of financial instruments

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

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values, except for available-for-sale investment.

39.1.7 Capital management

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

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

	June 30, 2016	June 30, 2015
	------- (Rupees in '000')	-------
Long-term loans	244,026	258,731
Redeemable capital	747,036	747,575
Due to PTA	1,585,500	1,585,500
Debt	2,576,562	2,591,806
Issued, subscribed and paid-up capital	3,000,000	3,000,000
Unappropriated profit/(accumulated loss)	(78,226)	(144,332)
Total capital	2,921,774	2,855,668
Capital and debt	5,498,336	5,447,474
Gearing ratio	46.9%	47.6%

40. TRANSACTIONS WITH RELATED PARTIES

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

	June 30, 2016	June 30, 2015
	------- (Rupees in '000') -------	
Entities having directors in common with the Group		
Arfeen International (Private) Limited		
Payments made on behalf of the Group	150	1,050
Payments made on behalf by the Group	570	132
Service rendered	1,959	417
Markup charged to the Group	717	1,177
Rent charged during the year	5,520	5,520
Service received	-	479
World Trade Center (Private) Limited		
Services received	54,309	57,031
Service rendered	404	300
Markup charged to the group	4,223	4,457
Payment against short term borrowing	51,597	42,160
Short term loan by the group	30,000	-
Envicrete Limited		
Services rendered	276	284
Payments made on behalf by the group	11	18
Portgrand Limited		
Services rendered	33	375
Services received	268	357
Provident Fund		
Contribution during the year	3,865	8,267
Instaphone Infrastructure (Private) Limited		
Services rendered	18,364	18,000
Services received	3,125	20,519
Payment made on behalf by the Group	478	-
Mark-up charged to the Group	-	3,799
Payment made on behalf of the Group	437	316
Instaphone (Private) Limited		
Mark-up charged	-	457
Envicon (Private) Limited		
Services received	12	12

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

41. PROVIDENT FUND RELATED DISCLOSURES

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

		June 30, 2016 (Un-audited)	June 30, 2015 (Audited)
		------- (Rupees in '000') -------	
Size of the fund - total assets		57,703	48,816
Cost of the investment made		48,518	43,445
Percentage of investments made		88.20%	96.74%
Fair value of investments	41.1	50,893	47,226

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

	2016	%	2015	%
Bank balances/deposits	38,572	76	27,686	59
Mutual funds	12,321	24	12,511	26
National Saving Schemes	-	-	7,029	15
	50,893		47,226	

42. NUMBER OF EMPLOYEES

The numbers of employee at the year ended were 512 (2015: 447) and average number of employees during the year were 504 (2015: 454).

43. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there were no material reclassification:

44. DATE OF AUTHORIZATION FOR ISSUE

Theses financial statement were authorized for issue on October 7, 2016 by the board of directors of the Group.

45. GENERAL

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

Chief Executive

Director

Pattern of Shareholding
As at June 30, 2016

Number of Share Holders	Share Holdings			Total Shares Held
177	1	-	100	6,632
532	101	-	500	247,691
756	501	-	1000	749,127
1,779	1001	-	5000	5,641,037
762	5001	-	10000	6,584,188
289	10001	-	15000	3,886,912
221	15001	-	20000	4,230,140
183	20001	-	25000	4,385,694
90	25001	-	30000	2,609,252
50	30001	-	35000	1,674,005
54	35001	-	40000	2,104,500
32	40001	-	45000	1,383,283
84	45001	-	50000	4,144,253
22	50001	-	55000	1,181,000
20	55001	-	60000	1,170,950
13	60001	-	65000	825,500
22	65001	-	70000	1,518,500
20	70001	-	75000	1,486,500
13	75001	-	80000	1,022,500
11	80001	-	85000	919,500
16	85001	-	90000	1,420,500
10	90001	-	95000	934,887
72	95001	-	100000	7,179,500
5	100001	-	105000	510,600
7	105001	-	110000	763,500
2	110001	-	115000	230,000
3	115001	-	120000	355,000
9	120001	-	125000	1,118,000
9	125001	-	130000	1,159,500
2	130001	-	135000	268,500
2	135001	-	140000	276,500
3	140001	-	145000	432,000
15	145001	-	150000	2,246,500
5	150001	-	155000	769,000
6	155001	-	160000	952,000
2	160001	-	165000	326,000
1	170001	-	175000	175,000

Number of Share Holders	Share Holdings			Total Shares Held
3	175001	-	180000	536,000
2	180001	-	185000	368,500
2	185001	-	190000	379,000
2	190001	-	195000	386,000
20	195001	-	200000	4,000,000
2	200001	-	205000	401,501
1	205001	-	210000	206,500
3	210001	-	215000	639,500
6	220001	-	225000	1,345,940
2	225001	-	230000	458,000
2	230001	-	235000	463,000
1	235001	-	240000	238,500
5	245001	-	250000	1,247,500
2	250001	-	255000	508,500
3	270001	-	275000	819,435
1	275001	-	280000	277,470
1	280001	-	285000	285,000
2	290001	-	295000	587,000
6	295001	-	300000	1,800,000
1	300001	-	305000	301,000
2	305001	-	310000	616,500
1	315001	-	320000	320,000
1	320001	-	325000	322,000
1	325001	-	330000	327,302
1	330001	-	335000	335,000
2	345001	-	350000	697,003
1	355001	-	360000	360,000
1	370001	-	375000	375,000
1	375001	-	380000	380,000
3	395001	-	400000	1,200,000
1	400001	-	405000	401,600
1	410001	-	415000	412,000
1	415001	-	420000	419,800
1	430001	-	435000	435,000
1	440001	-	445000	445,000
2	445001	-	450000	900,000
1	465001	-	470000	467,500
10	495001	-	500000	5,000,000

Number of Share Holders	Share Holdings			Total Shares Held
1	520001	-	525000	525,000
2	525001	-	530000	1,056,000
1	580001	-	585000	580,500
1	630001	-	635000	634,375
1	655001	-	660000	656,000
1	695001	-	700000	700,000
1	725001	-	730000	727,255
1	735001	-	740000	739,000
1	830001	-	835000	832,000
1	855001	-	860000	858,000
1	895001	-	900000	900,000
1	950001	-	955000	951,500
4	995001	-	1000000	3,995,118
1	1000001	-	1005000	1,002,500
1	1030001	-	1035000	1,033,638
1	1070001	-	1075000	1,073,642
1	1090001	-	1095000	1,091,000
1	1170001	-	1175000	1,175,000
1	1195001	-	1200000	1,200,000
1	1345001	-	1350000	1,349,500
1	1365001	-	1370000	1,367,500
1	1420001	-	1425000	1,424,362
1	1475001	-	1480000	1,480,000
2	1745001	-	1750000	3,500,000
1	1800001	-	1805000	1,805,000
1	2015001	-	2020000	2,018,500
1	2245001	-	2250000	2,250,000
1	2350001	-	2355000	2,352,000
1	2395001	-	2400000	2,400,000
1	2495001	-	2500000	2,500,000
1	2685001	-	2690000	2,686,000
1	2790001	-	2795000	2,793,000
1	2995001	-	3000000	2,996,749
1	3890001	-	3895000	3,894,858
1	4995001	-	5000000	5,000,000
1	7315001	-	7320000	7,320,000
1	10020001	-	10025000	10,022,400
1	10780001	-	10785000	10,782,876
1	22725001	-	22730000	22,727,180
1	39870001	-	39875000	39,870,345
1	56175001	-	56180000	56,179,000
5444				300,000,000

Catagories of Shareholders

As at June 30,2016

Name	NO OF SHARES	NOS	%
INDIVIDUALS	135,921,253	5357	45
ASSOCIATED COMPANIES			
CHAMAN INVESTMENT (PVT) LTD	91,000	1	0.03
ARFEEN INTERNATIONAL (PVT) LTD	3,086,749	2	1.03
WORLD TRADE CENTRE (PVT) LTD	40,092,285	2	13.36
INTERNATIONAL COMMUNICATION GROUP	7,320,000	1	2.44
ENVICRETE LIMITED	2,400,000	1	0.80
GATES LIMITED	634,375	1	0.21
GATES INTERNATIONAL LIMITED	3,894,858	1	1.30
ICG USA	2,500,000	1	0.83
	60,019,267	10	20.01
JOINT STOCK COMPANIES	62,137,658	47	20.71
BANKS, DFI'S, INSURANCE COMPANIES	11,339,128	9	3.78
MODARBAS AND MUTUAL FUND & OTHERS	4,525,660	9	1.51
	78,002,446	65	26.00
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	400	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,500	1	0.00
LEHMAN BROTHERS SECURITIES	3,400	1	0.00
STATE STREET BANK & TRUST CO U.S.A	7,600	1	0.00
	12,900	4	0.00
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
SULTAN UL ARFEEN	1,426,362	2	0.48
SHAHID FIROZ	1,073,642	1	0.36
SAMINA SHAHID	450,000	1	0.15
NIGHAT SULTANA	301,000	1	0.10
CHAMAN ARA BEGUM	10,000	1	0.00
SHAMS UL ARFEEN	22,783,130	2	7.59
	26,044,134	8	8.68
Total	300,000,000	5,444	100

Form of Proxy

I/We____s/o______________________
of____________being a member of Telecard Limited and holding ___________________________________
ordinary shares as per Folio No_______________________________________and/or CDC participant I.D.
No.____________________________and Sub-Account No.______________________________hereby appoint
____of__________________________________or failing him
____of _________________________________as my / our
proxy to vote for me/us and on my behalf at the Annual General Meeting of the Company to be held on Monday October 31, 2016 at 12:00 p.m. at 3rd Floor, 75 East, Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this__________________ day of __________________, 2016.

WITNESS:

1. Signature:_________________________
   Name: _________________________
   Adress: _________________________
   ____
   CNIC No.
   | | | | | | - | | | | | | | | - | |
   Or Passport No.____________________

2. Signature:_________________________
   Name: _________________________
   Adress: _________________________
   ____
   CNIC No.
   | | | | | | - | | | | | | | | - | |
   Or Passport No.____________________

Rupees Five Revenue Stamp

____

Signature of the shareholder

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

CNIC No.

| | | | | | - | | | | | | | | - | |

NOTES:

1. A member of the Company entitled to attend and vote may appoint a proxy to attend and vote instead of him / her. Proxies in-order must be received, during business hours, at the Registered Office of the Company 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.