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. Habib Metropolitan Bank 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 24th Annual General Meeting of the shareholders of the Company will be held on 27 October 2017 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 31 October 2016.

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 2017, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30 2017.

3. To appoint external auditors of the Company for the year ended June 30 2018 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 2017

1. The Members Register will remain closed from the 21 October 2017 to 27 October 2017 (both days inclusive). Transfer received in order by Shares Registrar, Jwaffs Registrar Services (Pvt.) Limited, 407-408, 4th Floor, Al Ameera Centre, Shahrah-e-Iraq, Saddar Karachi by the close of business on 20 October 2017 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 are pleased to present the Annual Report, audited financial statements and review of your Company's performance for the year ended 30 June 2017.

Review of Current Operations

The revenue for the year ended 30 June 2017 was Rs. 987 million as against the revenue of Rs. 1 billion for the corresponding financial year. The overall decrease in revenue is directly attributable to the decline in international incoming traffic. However, the Company posted a Gross Profit of Rs. 222 million as compared to a Gross Profit of Rs. 150 million in 2016. Direct cost of your Company was 10% lower when compared with similar preceding financial year due to reduced termination of international incoming minutes in the LDI business segment and its corresponding costs.

The administrative and distribution cost was 30% lower when compared with the corresponding financial year mainly due to reduction in provisions on account of other receivable. Finance cost for the year under review was 22% higher when compared with the preceding financial year due to increase in mark-up expenses on Term Finance Certificates post restructuring. The Company has posted a loss before taxation for Rs. 71 million against a profit before taxation of Rs. 142 million during the corresponding financial year. The last year profit was due to a one-off item in the other income which was not available this year. The loss per share stood at Rs. (0.30) compared to a profit of Rs. 0.17 last time.

On a consolidated basis the total revenue was Rs. 2.84 billion compared to Rs. 2.75 billion in the preceding financial year resulting in a Gross Profit of Rs. 741 million as opposed to a Gross Profit of Rs. 551 million last year. The Operating Profit stood at Rs. 172 million compared to an Operating Profit of Rs. 347 million in the comparative time frame. The decline was due to the Other Income which was not available this year. Consequently, a Net Loss of Rs. 88 million was reported against a Net Profit of Rs. 52 million last year.

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 Enterprise Solutions Market Segment (ES). The Company is pleased to report that it has made 15% growth on a year-on-year basis in this segment, which is mainly attributable to inclusion of new corporate customers and more products lines to cater to various niches in the Enterprise Market Segment. 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 addition of more profitable and varied product lines in the Enterprise Segment.

Term Finance Certificate

Your Company post restructuring is servicing its liability towards its TFC Holders in an efficient and timely manner.

Subsidiary Companies

Supernet Limited's performance graph showed an upward trend during 2017. It posted Total Revenue of Rs. 2.02 billion as compared to Rs. 1.91 billion in 2016. However, Net Profit after taxation stood at Rs. 0.313 million for the year, decreased by 91% in comparison with preceding year's profit of Rs. 3.54 million. The decrease is attributable to the upsurge in Administrative Expenses as well as Taxation cost.

During the year, Telecard E Solutions (Pvt.) Limited posted revenue of Rs. 48 million and Gross profit of Rs. 27 million in comparison to the similar Revenue and Gross Profit in the preceding financial year. Telegateway Limited in its fifth year has posted a Gross Loss of Rs. 128 thousand against a Gross Profit of Rs.2.4 million last year. Other subsidiaries namely, 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, 2017 is Rs 60 million of Staff Provident Fund, in which Telecard Limited holds 44%.

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	1
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 2017 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 reported losses, the Company is not in a position to declare dividend.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2017 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 2017 Rupees in '000'	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'
REVENUE- Net	986,873	1,004,902	1,055,999	1,609,679	1,820,203	1,436,288
Direct Cost	(764,864)	(855,093)	(778,823)	(951,434)	(1,223,569)	(1,652,677)
Gross Profit/(Loss)	**222,009**	**149,809**	**277,176**	**658,245**	**596,634**	**(216,389)**
Distribution costs & administrative expenses	(248,291)	(352,195)	(272,885)	(396,294)	(410,425)	(419,630)
Other operating expenses	-	14,719	(14,508)	(2,678)	(24,684)	(20,303)
Provision for impairment in the value of investment & for other receivables	-	-	-	(516,942)	(680,630)	-
Other operating income	17,058	409,147	148,103	546,831	34,868	35,235
Liabilities no longer payable written back	-	-	-	-	-	9,411
	231,233	**42,233**	**(139,290)**	**(369,083)**	**(1,080,871)**	**(395,287)**
Operating Profit/(Loss)	**9,224**	**192,042**	**137,886**	**289,162**	**(484,237)**	**(611,676)**
Finance costs	(61,420)	(50,321)	(161,353)	(200,996)	(228,311)	(274,947)
(Loss)/Profit before taxation	**(70,644)**	**141,721**	**(23,467)**	**88,166**	**(712,548)**	**(886,623)**
Taxation	(20,359)	(91,615)	(15,198)	(18,797)	255,682	277,643
(Loss)/Profit after taxation	**(91,003)**	**50,106**	**(38,665)**	**69,369**	**(456,866)**	**(608,980)**
Accumulated (Loss)/Profit b/f	(539,638)	(589,744)	(551,079)	(620,448)	(163,582)	445,398
	(630,641)	**(539,638)**	**(589,744)**	**(551,079)**	**(620,448)**	**(163,582)**
(Loss)/earning per share (Rupees)	**(0.30)**	**0.17**	**(0.13)**	**0.23**	**(1.52)**	**(2.03)**

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 in the board 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 The Company arranged a training/orientation course for its directors to apprise them of their duties and responsibilities, subsequent to the balance sheet date, below mentioned is the director who has attended the training and is now a certified director.

Institute	**Director Names**
Institute of Chartered Accountants of Pakistan	Syed Hashim Ali

10 The 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 the 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 of 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 exchanges.

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

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

Syed Aamir Hussain
Chief Executive Officer

October 02, 2017

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

901, QM House,
Ellender Road, Karachi-Pakistan.
Tel: +92-21-32621703-04
Fax: +92-21-32621701
E-mail: khi@parkerrandallajs.pk
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, 2017 to comply with the requirements of Listing Regulation 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 of 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, 2017.

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 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 06, 2017

Place: Karachi

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

901, QM House,
Ellender Road, Karachi-Pakistan.
Tel: -92-21-32621703-04
Fax: -92-21-32621701
E-mail: khi@parkerrandallajs.pk
URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Offices also at Islamabad, Faisalabad, Lahore & UK

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Telecard Limited (the Company) as at June 30, 2017 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, 2017 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

901, QM House,
Ellender Road, Karachi-Pakistan.
Tel: +92-21-32621703-04
Fax: +92-21-32621701
E-mail: khi@parkerrandallajs.pk
URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Offices also at Islamabad, Faisalabad, Lahore & UK

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. 2,470.28 million in the accompanying financial statements; and

iv) notes 25.1 to 25.12 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 06, 2017

Place: Karachi

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

	Note	2017	2016
		------- (Rupees in '000') -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	**613,740**	701,109
Intangible assets	5	**1,270,741**	1,452,258
		1,884,481	2,153,367
Long-term investments	6	**340,537**	341,437
Long-term deposits	7	**53,796**	53,796
Deferred taxation	8	**302,762**	291,813
		2,581,576	2,840,413
CURRENT ASSETS			
Trade debts	9	**702,996**	464,618
Loans and advances	10	**43,633**	46,187
Deposits and prepayments	11	**34,515**	38,525
Accrued mark-up	12	**27,102**	27,855
Other receivables	13	**3,095,690**	3,100,442
Taxation – net	14	**130,407**	130,823
Bank balances	15	**5,889**	6,315
		4,040,232	3,814,765
		6,621,808	6,655,178
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorized			
400,000,000 (2016: 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		**(630,641)**	(539,638)
		2,369,359	2,460,362
NON-CURRENT LIABILITIES			
Long-term loans	17	**109,211**	187,262
Term finance certificates	18	**644,167**	747,036
Advance from a contractor	19	**368,423**	396,619
Long-term deposits	20	**34,877**	35,268
Deferred liabilities	21	**1,588,447**	1,588,447
		2,745,125	2,954,632
CURRENT LIABILITIES			
Trade and other payables	22	**1,329,092**	1,118,172
Accrued interest / mark-up	23	**49,806**	65,248
Current maturities of long-term liabilities	24	**128,426**	56,764
		1,507,324	1,240,184
Contingencies & commitments	25	-	-
TOTAL EQUITY AND LIABILITIES		**6,621,808**	6,655,178

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

Chief Executive	Chief Financial Officer	Director

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

	Note	2017	2016
		------- (Rupees in '000') -------	
Revenue – net	26	**986,873**	1,004,902
Direct costs	27	**(764,864)**	(855,093)
Gross profit		**222,009**	149,809
Administrative expenses & distribution costs	28	**(248,291)**	(352,195)
Other operating expenses	29	**-**	(14,719)
		(248,291)	(366,914)
Other income	30	**17,058**	409,147
		(231,233)	42,233
Operating (Loss)/profit		**(9,224)**	192,042
Finance costs	31	**(61,420)**	(50,321)
(Loss)/profit before taxation		**(70,644)**	141,721
Taxation	32	**(20,359)**	(91,615)
Net (Loss)/profit for the year		**(91,003)**	50,106
(Loss)/earning per share - basic & diluted - (Rupees)	33	**(0.30)**	0.17

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

Chief Executive

Chief Financial Officer

Director

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

	2017	2016
	------- (Rupees in '000') -------	
Net (loss)/profit for the year	**(91,003)**	50,106
Other comprehensive income	-	-
Total comprehensive (loss)/income	**(91,003)**	50,106

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

Chief Executive   Chief Financial Officer   Director

TELECARD LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**214,155**	126,125
Income tax paid		**(30,893)**	(30,116)
Finance costs paid		**(65,499)**	(30,984)
Retirement benefits paid		**(309)**	(490)
Liability for long-term deposits		**(11)**	-
Long-term deposits		**-**	(1,344)
Net cash generated from operating activities		**117,443**	63,191
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(9,688)**	(20,013)
Proceeds from disposal of property, plant and equipment		**1,077**	664
Net cash used in investing activities		**(8,611)**	(19,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of term finance certificate		**(10,846)**	-
Repayment of long-term loans		**(98,412)**	(14,705)
Short-term borrowings		**-**	(51,597)
Net cash used in financing activities		**(109,258)**	(66,302)
Net decrease in cash and cash equivalents		**(426)**	(22,460)
Cash and cash equivalents at the beginning of the year		**6,315**	28,775
Cash and cash equivalents at the end of the year	15	**5,889**	6,315

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

Chief Executive | Chief Financial Officer | Director

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

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	------------------ (Rupees in '000')	------------------	
Balance as at June 30, 2015	3,000,000	(589,744)	2,410,256
Total comprehensive income	-	50,106	50,106
Balance as at June 30, 2016	3,000,000	(539,638)	2,460,362
Total comprehensive loss	-	(91,003)	(91,003)
Balance as at June 30, 2017	3,000,000	(630,641)	2,369,359

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

Chief Executive

Chief Financial Officer

Director

TELECARD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 Exchange. 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 cost less impairment losses, if any and are not consolidated.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain employees' retirement benefits and liabilities which have been carried at present value. These financial statements are prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs), which is the Company's functional and presentation currency.

2.4 Standards, interpretations and amendments to approved accounting standards

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

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

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

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

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

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.

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

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

Standards

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

2.4.2 Standards, amendments and interpretations adopted during the year

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

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

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

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

	Note
Determining the residual values and useful life 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 & 32
Advance from a Contractor	19
Other provisions and contingent liabilities	3.17, 13 & 25
Provision for employees benefits	3.10, 21.1

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 recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to profit and loss account by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in the relevant note 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 recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion, respectively.

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

The costs of licenses and spectrums to provide telecommunication services are classified as intangible assets. These are stated at cost less accumulated amortisation and impairment, if any. These are amortised 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 Investment

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 derecognised, at which time the cumulative gain or loss is recognised in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognised 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 date of statement of financial position.

3.3 Trade debts and other receiveables

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

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

3.7 Financial Instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instruments. The Company derecognises a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognised from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to profit and loss account.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. The financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

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

3.9 Impairment

Financial Assets

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

Non Financial Assets

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

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 recognised provident fund scheme effective from April 01, 2008.

Provident Fund

The Company operates a recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, 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 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.

Deffered

Deferred tax is recognised, 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 recognised for all deductible temporary differences, unused tax losses and tax credits 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 generally recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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 monetary 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 are ready for intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

3.14 Revenue

Revenue from enterprise sale services is recognised on accrual basis.

Revenue from Long Distance International (LDI) license is recognised 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 recognised 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 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 recognised in the financial statements in the period in which these are approved. Interim dividends are recognised 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Operating fixed assets	4.1	**600,230**	693,357
Capital work-in-progress	4.2	**13,510**	7,752
		613,740	701,109

4.1 Operating fixed assets

	Note	Cost: As at July 01, 2016	Cost: Additions	Cost: (Disposals)	Cost: As at June 30, 2017	Accumulated depreciation: As at July 01, 2016	Accumulated depreciation: For the year	Accumulated depreciation: (On disposals)	Accumulated depreciation: As at June 30, 2017	W.D.V.: As at June 30, 2017	Depreciation rate Per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	468	31	-	499	126	5%
Apparatus, plant and equipment	4.1.1	6,159,573	1,656	-	6,161,229	5,483,287	93,093	-	5,576,380	584,849	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and equipment		47,299	108	-	47,407	43,783	1,011	-	44,794	2,613	10%
Computers and accessories		69,096	250	-	69,346	67,844	1,245	-	69,089	257	33%
Vehicles		28,963	1,916	(1,499)	29,380	19,837	1,202	(1,024)	20,015	9,365	20%
June 30, 2017		**6,339,451**	**3,930**	**(1,499)**	**6,341,882**	**5,646,094**	**96,582**	**(1,024)**	**5,741,652**	**600,230**	

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

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2015	Additions/ Transfers*	(Disposals)	As at June 30, 2016	As at June 30, 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**	

4.1.1 The cost of fully depreciated assets as at June 30, 2017 is Rs. 5,136.39 (2016: Rs. 4,920.69) 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') -----------------						
Toyota Corolla	1,499	1,024	475	1,077	602	Negotiation	Zain Saeed, Karachi.
June 30, 2017	**1,499**	**1,024**	**475**	**1,077**	**602**		

		June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
4.1.3 Depreciation for the year has been allocated as follows:			
Direct costs	27	**93,009**	146,351
Administrative expenses & distribution costs	28	**3,573**	5,347
		96,582	151,698

	Owned equipment	Advances to suppliers	Total
	-------------- (Rupees in '000') --------------		
4.2 Capital work-in-progress			
As at July 01, 2016	7,752	-	7,752
Additions during the year	5,758	-	5,758
June 30, 2017	**13,510**	**-**	**13,510**
June 30, 2016	7,752	**-**	**7,752**

5. INTANGIBLE ASSETS

	Note	Cost			Accumulated amortization			W.D.V.	Period
		As at July 01, 2016	Additions	As at June 30, 2017	As at July 01, 2016	For the year	As at June 30, 2017	As at June 30, 2017	(years)
		(Rs. in '000')							
WLL licenses	5.1	3,345,096	-	3,345,096	1,905,355	179,969	2,085,324	1,259,772	16-20
LDI license	5.2	29,029	-	29,029	16,512	1,548	18,060	10,969	18-20
June 30, 2017		**3,374,125**	**-**	**3,374,125**	**1,921,867**	**181,517**	**2,103,384**	**1,270,741**	

	Note	Cost			Accumulated amortization			W.D.V.	Period
		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	(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**	

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. 12.69 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

Investments in wholly owned subsidiary companies

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Unquoted – at cost			
Supernet Limited 38,771,690 (2016: 38,771,690) ordinary shares of Rs. 10/- each [breakup value: Rs. 20.34 (2016: Rs. Rs. 20.33 per share)], based on the audited financial statements of the company for the year ended June 30, 2017.		**340,537**	340,537
TCL Asia (UK) Limited This represents investment in the wholly owned subsidiary in which the Company had 1 ordinary share of £1 (2016:1) with the Nil breakup value (2016: Nil).The Company had made full provision against the investment the subsidiary was dissolved during the year.		**-**	-
Telecard E-Solutions (Pvt) Limited 10,000 (2016: 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2016: Rs. Nil)], based on the audited financial statements of the company for the year ended June 30, 2017.		**100**	100
Telegateway Limited 50,000 (2016: 50,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2016: Nil)], based on the audited financial statements of the company for the year ended June 30, 2017.		**500**	500
Nexus Communication (Pvt) Limited 10,000 (2016: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2016: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2017		**100**	100
Glitz Communication (Pvt) Limited 10,000 (2016: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2017: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2017.		**100**	100
Globetech Communication (Pvt) Limited 10,000 (2016: Rs. 10,000) ordinary shares of Rs. 10/- each [breakup value: Rs. Nil (2016: Rs. Nil)], based on the unaudited financial statements of the company for the year ended June 30, 2017.		**100**	100
Impairment allowance **(Note)**	6.1	**(900)**	-
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.		**480,630**	480,630
Impairment allowance **(Note)**	6.2	**(480,630)**	(480,630)
		-	-
		340,537	341,437

6.1 During the year impairment loss of Rs. 0.9 million (2016:Nil) has been provided against investment in subsidiaries having no breakup value.

6.2 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, the fair value is estimated as Nil (2016: Nil) and the entire carrying amount of investment had been impaired.

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

7. LONG TERM DEPOSITS

	Note	June 30, 2017	June 30, 2016
Security deposits - considered good			
Line deposits – PTCL		**45,778**	45,778
Rented premises		**3,018**	3,018
Guarantee margin		**5,000**	5,000
		53,796	53,796

8. DEFERRED TAXATION

	Note	June 30, 2017	June 30, 2016
Deferred tax credits arising on			
Accelerated tax depreciation		**(11,063)**	(11,332)
Amortisation of intangible assets		**(360,007)**	(409,936)
		(371,070)	(421,268)
Deferred tax debits arising from			
Retirement benefits		**884**	914
Provisions		**491,808**	506,559
Tax losses brought forward		**181,140**	205,608
		673,832	713,081
		302,762	291,813

9. TRADE DEBTS

	Note	June 30, 2017	June 30, 2016
Unsecured - considered good			
Related parties	9.1	**402,348**	197,429
Others		**300,648**	267,189
		702,996	464,618
Considered doubtful			
Considered doubtful		**223,532**	223,532
Provision for debts considered doubtful	9.2	**(223,532)**	(223,532)
		-	-
		702,996	464,618

9.1 It includes amount of Rs. 400.61 (2016: 195.48) million receivable from Supernet Limited against Interoperator infrastructure services, as referred in note 26.1.

9.2 Provision for debts considered doubtful

	Note	June 30, 2017	June 30, 2016
Opening balance		**223,532**	210,371
Charge for the year	28	**-**	13,161
		223,532	223,532

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

	Total	Neither past due nor impaired	Past due but not impaired: > Three months up to one year	Past due but not impaired: Above one year
	------- (Rupees in '000') -------			
Others	300,648	71,039	52,600	177,009
Related parties	402,348	53,012	153,171	196,166
June 30, 2017	**702,996**	**124,051**	**205,771**	**373,175**
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**

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
10. LOANS AND ADVANCES			
Loans - unsecured			
Considered good			
Related party	10.1	**30,000**	30,000
Advances - unsecured			
Considered good			
Executives	10.2	**4,506**	3,498
Employees		**3,611**	3,630
Suppliers		**5,516**	9,059
		13,633	16,187
Considered doubtful			
Executives		**276**	276
Employees		**1,765**	1,765
Suppliers		**8,320**	3,282
		10,361	5,323
Provision for advances considered doubtful	10.3	**(10,361)**	(5,323)
		-	-
		43,633	46,187

10.1 This represent a short term loan to a related party i.e. World Trade Center (Private) Limited, carrying markup rate 3 months KIBOR plus 2.4% (2016: 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. 5.11 (2016: Rs. 3.89) million.

10.3 Provision for advances considered doubtful

	Note	June 30, 2017	June 30, 2016
Opening balance		**5,323**	5,323
Charge for the year	28	**5,038**	-
		10,361	5,323

11. DEPOSITS AND PREPAYMENT

	June 30, 2017	June 30, 2016
Deposits		
Others	**480**	480
	480	480
Prepayment		
Interconnect operators	**24,955**	24,895
Rent	**9,080**	13,150
	34,515	38,525

12. ACCRUED MARK-UP

	Note	June 30, 2017	June 30, 2016
Due from a bank	12.1	**55,587**	55,587
Mark-up on current accounts with related parties	12.2 & 13.1.1	**20,102**	20,855
		75,689	76,442
Provisons against accrued mark-up	12.1	**(48,587)**	(48,587)
		27,102	27,855

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 had made full provision against the same.

		Note	June 30, 2017	June 30, 2016
			------- (Rupees in '000') -------	
12.2	**Related parties**			
	Arfeen International (Private) Limited		**16,430**	17,219
	Instaphone (Private) Limited		**-**	2,137
	World Trade Center (Private) Limited		**3,672**	1,130
	Telecard E-Solution (Private) Limited		**-**	369
			20,102	**20,855**
13.	**OTHER RECEIVABLES**			
	Considered good			
	Related parties	13.1	**968**	5,454
	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**	345,594
	Pakistan Telecommunication Authority	13.3	**1,988,466**	1,988,466
	Claim against a bank	13.4	**998**	998
	Insurance claims		**35**	2,339
	Due from a contractor		**9,250**	7,488
	Others		**2,797**	2,521
			3,094,722	3,094,988
	Considered doubtful			
	Pakistan Telecommunication Company Limited	13.5	**727,303**	727,303
	Pakistan Telecommunication Authority		**91,176**	91,176
	Insurance claim		**8,628**	8,628
	Due from zonal employees		**15,874**	15,874
	Others		**2,952**	2,952
			845,933	845,933
	Provision for other receivables cosidered doubtful	13.6	**(845,933)**	(845,933)
			-	**-**
			3,095,690	**3,100,442**
13.1	**Related parties**			
	Instaphone (Private) Limited		-	3,049
	Telecard E-Solution (Private) Limited		85	1,533
	Envicrete Limited		783	763
	TCL Asia (UK) Limited		-	81
	Grand Leisure Corporation (Private) Limited		28	28
	Port Grand Limited		72	-
			968	**5,454**

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. 71.28 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.93 million. The Court, during the year ended June 30, 2002, passed an interim order in favour 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 favour 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. 334.31 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. 29.47 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 has 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. 4,429.27 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. 29.47 million, aggregating to Rs. 4,458.74 million (June 30, 2016: Rs. 4,458.74 million), against which the Company paid a sum of Rs. 1,988.47 million under protest (June 30, 2016: Rs. 1,988.47) 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. 2,470.28 (June 30, 2016: Rs. 2,470.28) million in these financial statements. However, during the last year as a matter prudence management has made a provision of Rs. 91.18 million. 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 for 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. 1.00 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 (2016: Rs. 0.998) million and damages, aggregating to Rs. 8.25 (2016: Rs. 8.25) 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. 1,000.00 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. 244.00 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,300.00 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in ‘000’) -------	
13.6 Provision for other receivables considered doubtful			
Opening balance		**845,933**	754,757
Provision for the current year	28	**-**	91,176
		845,933	845,933

14. TAXATION – NET

	Note	June 30, 2017	June 30, 2016
Advance income tax		**161,716**	154,916
Provision for taxation – current	32	**(31,309)**	(24,093)
		130,407	**130,823**

15. BANK BALANCES

	Note	June 30, 2017	June 30, 2016
In current accounts			
Local currency		**1,098**	587
Foreign currency		**58**	58
		1,156	645
In savings accounts			
Local currency	15.1	**4,733**	5,670
		5,889	6,315

15.1 These carry mark-up at rates, ranging between 3.29% to 6.25% (2016: 5% to 6%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016
Number of shares			(Rupees in '000')	
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 86,515,004 (2016: 88,964,757) Ordinary shares of Rs.10 each, amounting to Rs.865.15 (2016: Rs.889.64) million, were held by the related parties of the Company.

17. LONG TERM LOANS

Secured
From banks

	Note	June 30, 2017	June 30, 2016
Demand finance	17.1	-	98,412
Diminishing musharakah	17.2	**145,614**	145,614
		145,614	244,026
Current maturity shown under current liabilities	25	**(36,403)**	(56,764)
		109,211	187,262

17.1 The facility was obtained during the year ended June 30, 2007 from a commercial bank carrying markup at the rate of six month KIBOR plus 2.4 % (2016: six month KIBOR plus 2.4%) per annum, payable semi annually. The facility was 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. During the year this loan has been repaid in full.

17.2 This represents Diminishing Musharakah facility from 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 reedemable in 48 equal monthly installments starting from July, 2017. The facility carries profit at the rate of 3 month KIBOR with a floor of 7.5% (2016: 3 month KIBOR with a floor of 7.5%) per annum 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. TERM FINANCE CERTIFICATES

Secured

	Note	June 30, 2017	June 30, 2016
Term finance certificates	18.1	**736,190**	747,036
Current maturity shown under current liabilities	25	**(92,023)**	-
		644,167	**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 mark-up payable on quaterly basis and principal amount redeemable in 12 unequal quarterly installments starting from March 31, 2018. These TFC's carry mark-up at the rate of three months KIBOR (2016: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.00 (2016: Rs.800.00) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

During the year, on the instruction of SECP, the company has redeemed TFC's to minority TFC holders amounting to Rs. 10.85 (2016: Nil) million representing 6,969 (2016: Nil) number of units.

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in ‘000’) -------	
19. ADVANCE FROM A CONTRACTOR			
Unsecured			
Advance from a contractor	19.1 & 19.2	**396,619**	411,445
Exchange loss on translation		**-**	12,038
Taken to profit and loss account during the current year upon rendering of services		**(28,196)**	(26,864)
		368,423	**396,619**

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.1,051.25 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		
Security deposits		
Distributors	**6,014**	6,014
Indoor call point holders	**-**	380
Others	**28,863**	28,874
	34,877	**35,268**

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

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

21. DEFERRED LIABILITIES

	Note	June 30, 2017	June 30, 2016
Staff gratuity	21.1	**2,947**	2,947
Spectrum fee payable	21.2	**1,585,500**	1,585,500
		1,588,447	**1,588,447**

21.1 Staff gratuity

21.1.1 Reconciliation of obligations as at year end

	June 30, 2017	June 30, 2016
Present value of defined benefit obligation	**2,947**	**2,947**

21.1.2 Movement in liability

	June 30, 2017	June 30, 2016
Net liability at beginning of the year	**2,947**	3,110
Charge for the year	**309**	327
Benefits paid during the year	**(309)**	(490)
	2,947	**2,947**

21.1.3 Charge for the year

	June 30, 2017	June 30, 2016
Interest cost	**309**	327
	309	**327**

21.1.4 Movement in defined benefit obligation

	June 30, 2017	June 30, 2016
Present value of defined benefit obligation at beginning of the year	**2,947**	3,110
Interest cost	**309**	327
Benefits paid during the year	**(309)**	(490)
	2,947	**2,947**

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:

	June 30, 2017	June 30, 2016
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

	2017	2016	2015	2014	2013
	(Rupees in '000')				
Present value of defined benefit obligation	**2,947**	**2,947**	**3,110**	**4,841**	**8,126**

	June 30, 2017	June 30, 2016
	(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 has been decided against the Company as per Order dated 23 May 2017, the Company has challenged the IHC Order through a CPLA, which is currently pending adjudication. The case is at the initial stage, and so far no hearing has taken place.

	Note	June 30, 2017	June 30, 2016
		------- (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		**71,254**	73,958
Others		**786**	820
		681,748	684,486
Interconnect operators		**49,611**	44,698
Others		**62,773**	75,255
		794,132	804,439
Other payables			
Current accounts with related parties	22.2	**362,097**	152,973
Pakistan Telecommunication Authority		**31,567**	64,081
Accrued liabilities		**116,767**	78,242
Un earned Income		**659**	-
Unclaimed dividend		**4,394**	4,394
Workers' Welfare Fund		**4,964**	4,964
Others		**14,512**	9,079
		534,960	313,733
		1,329,092	1,118,172

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. 968.00 (2016: Rs. 968.00) million on account of air time charges, line rent and access charges and Rs. 276.00 (2016: Rs. 276.00) million in respect of leased line charges from the Company. Further, the PTCL raised a bill for Rs. 102.08 million and Rs. 50.91 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. 1,396.99 million.

The management, while acknowledging the liability to the extent of Rs. 609.71 (2016: Rs. 609.71) million does not accept the liability for the remaining sum of Rs. 787.28 (2016: Rs. 787.28) 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.100.00 million and Rs. 170.00 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, 2017	June 30, 2016
		------- (Rupees in '000') -------	
22.2 Related parties			
Supernet Limited		**259,202**	93,307
World Trade Center (Private) Limited		**43,500**	20,720
Arfeen International (Private) Limited		**23,348**	18,259
Telegatway Limited		**15,294**	15,294
Chaman Investment (Private) Limited		**4,147**	4,147
IIL (Private) Limited		**15,954**	487
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
	22.2.1	**362,097**	152,973

22.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 6% to 7% (2016: 7% to 7.5%) per annum.

23. ACCRUED INTEREST / MARK-UP

	Note	June 30, 2017	June 30, 2016
On secured			
Long-term loans	17	**13,022**	20,065
Term finance certificate	18	**11,213**	11,794
Short-term running finances		**-**	9,818
		24,235	41,677
On unsecured			
Short-term borrowings		**4,836**	4,836
Current accounts with related parties	22.2.1	**20,735**	18,735
		49,806	65,248

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
24. CURRENT MATURITIES OF LONG TERM LIABILITIES			
Long-term loans	17	**36,403**	56,764
Term finance certificate	18	**92,023**	-
		128,426	56,764

25. CONTIGENCIES AND COMMITMENTS

25.1 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. 56.47 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.

25.2 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.

25.3 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. 54.55 million. The Company has challenged the determination in the High Court of Sindh.

25.4 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. 1,400.00 million. The Court has granted a stay and no corecive action can be taken by PTA.

25.5 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.1,233.54 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.

25.6 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. 2,400.00 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.

25.7 The Company has filed a Constitutional Petition (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.

25.8 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. 59.81 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. 56.92 million against the reported tax loss of Rs. 5.94 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. 4.53 million, against tax demand of Rs. 19.36 million, thus creating a final tax demand of Rs. 14.79 million. The Company has filed an appeal in the Court, which has not been heard to-date.

25.9 PTCL's claim amounting to Rs.1,625.71 (2016: Rs.1,622.50) 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.

25.10 During the year 2015, a writ petition was instituted by the Company wherein the vires of late payment additional fees of Rs. 3.40 (2016: Rs. 3.40) 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.

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

25.12 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.

25.13 No provision on account of above contigencies including note 25.11 and 25.12 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.

25.14 Counter guarantees given to banks amounting to Rs.180.00 (2016: Rs.180.00) million.

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

26. REVENUE – NET

	Note	June 30, 2017	June 30, 2016
Turnover		**755,130**	782,737
Services rendered to the contractor	19	**26,613**	26,081
Interoperator infrastructure services	26.1	**205,130**	196,084
		986,873	1,004,902

26.1 This represents non-exclusive right for use of certain infrastructure of the Company by its subsidiary for the period from November 2013 to October 2019 as a result of agreements signed between the Company and Supernet Limited based at Islamabad. According to the agreement, the Company shall charge a fixed amount @ 1.00 million per month in addition of an annual variable fee @ 10% of data networking revenue of Supernet Limited, for using company's infrastructure setup. If the same exceeds Rs. 500.00 million in a year. Accordingly, the revenue for the current year includes a sum of Rs. 12.00 (2016: 12.00) million representing the fixed fee and a sum of Rs. 193.13 million (2016: Rs. 184.08) million as a variable fee for the year ended June 30, 2017.

27. DIRECT COSTS

	Note	June 30, 2017	June 30, 2016
Interconnect charges – net		**197,659**	287,726
Network media charges		**76,307**	81,898
Network sites rent		**71,195**	60,674
Network sites utilities and maintenance		**66,778**	60,284
Insurance		**5,993**	8,216
Annual regulatory charges		**72,406**	28,427
Depreciation	4.1.3	**93,009**	146,351
Amortisation	5	**181,517**	181,517
		764,864	855,093

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

28. ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS

	Note	June 30, 2017	June 30, 2016
Salaries and other benefits	28.1	**151,454**	136,637
Postage, telephone and telex		**2,567**	2,003
Vehicles running and maintenance		**11,064**	11,545
Travelling and entertainment		**1,592**	2,428
Office security and maintenance		**4,481**	4,442
Stationery		**1,999**	2,043
Rent, rates & taxes		**29,072**	33,214
Utilities		**8,909**	8,486
Insurance		**3,251**	3,297
Legal and professional charges		**11,414**	22,885
Auditors' remuneration	28.2	**3,656**	3,645
Sales promotion and marketing		**671**	2,859
Fee and subscription		**1,171**	1,259
Depreciation	4.1.3	**3,573**	5,347
Provision for dimunition in value of investments	6.1	**900**	-
Provision against debts considered doubtful	9.2	**-**	13,161
Provision for advances considered doubtful	10.3	**5,038**	-
Provision against other receivable	13.6	**-**	91,176
Software support services		**6,000**	6,000
Others		**1,479**	1,768
		248,291	352,195

28.1 This includes Rs. 0.31 million in respect of gratuity expense for the year (2016: Rs. 0.33 million) and Rs. 4.90 (2016: Rs. 3.87) million in respect of the Company's contribution towards provident fund.

28.2 Auditors' remuneration

	2017	2016
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	**166**	155
	3,656	3,645

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

29. OTHER OPERATING EXPENSES

	2017	2016
Exchange loss - net	**-**	11,826
Workers' welfare fund	**-**	2,893
	-	14,719

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

30. OTHER INCOME

	Note	June 30, 2017	June 30, 2016
Income from financial assets			
Return on bank deposits		**1,022**	18,021
Mark-up on current accounts with related parties		**2,542**	1,130
Income from non-financial assets			
Professional services	30.1	**-**	18,000
Gain on sale of fixed assets		**602**	617
Exchange gain - net		**59**	-
Liabilities no longer payable written back		**12,767**	363,997
Others		**66**	7,382
		13,494	389,996
		17,058	409,147

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

31. FINANCE COSTS

	June 30, 2017	June 30, 2016
Interest/mark-up on:		
Long-term loans	**12,090**	21,796
Term finance certificates	**44,998**	23,882
Short-term borrowing	**-**	2,313
	57,088	47,991
Markup on current accounts with related parties	**2,787**	613
Bank charges	**1,545**	1,717
	61,420	50,321

32. TAXATION

	Note	June 30, 2017	June 30, 2016
Current	14 & 32.1	**27,576**	24,093
Prior period	14	**3,733**	-
Deferred	32.2	**(10,950)**	67,522
		20,359	91,615

32.1 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 and minimum tax under section 153 of the Income Tax Ordinance, 2001.

The income tax assesments of the Company have been finalized up to and including the tax year 2016, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 25.8).

32.2 The applicable income tax rate for Tax Year 2018 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2017. Therefore, deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed/ utlilised.

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

33. EARNINGS PER SHARE – BASIC AND DILUTED

(Loss)/profit after tax for the year (Rupees in '000')	**(91,003)**	50,106
Weighted average number of shares	**300,000,000**	300,000,000
Basic (loss)/earning per share (Rupees)	**(0.30)**	0.17

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

34. CASH GENERATED FROM OPERATIONS

	2017	2016
(Loss)/profit before taxation	**(70,644)**	141,721
Adjustments for non-cash charges and other items:		
Depreciation	**96,582**	151,698
Amortization	**181,517**	181,517
Provision for gratuity	**309**	327
Finance costs	**59,875**	48,604
Provision against other receivables	**-**	91,176
Provision for debts considered doubtful	**-**	13,161
Liability written-back	**(12,387)**	(360,220)
Impairment on long term investment	**900**	-
Advance from a contractor	**(28,196)**	(14,826)
Liability for long term deposit	**(380)**	(3,275)
Gain on sale of fixed assets	**(602)**	(617)
Term finance certificate	**-**	(539)
Provision for advances considered doubtful	**5,038**	-
	302,656	107,006
Profit before working capital changes	**232,012**	248,727
(Increase)/decrease in current assets		
Trade debts	**(238,378)**	(255,347)
Loans and advances	**(2,484)**	(27,941)
Deposits and prepayment	**4,010**	1,252
Accrued markup	**(1,753)**	426
Other receivables	**(653)**	(7,445)
	(239,240)	(289,055)
Increase/(decrease) in current liabilities		
Trade and other payables	**221,383**	166,453
Cash generated from operations	**214,155**	126,125

35. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	------------- (Rs. in '000') -------------			------------ (Rs. in '000') ------------		
Managerial remuneration	7,742	2,903	36,340	6,129	2,003	34,062
Other perquisites and benefits						
House rent	3,484	1,306	16,353	2,758	901	15,328
Medical	35	35	530	35	31	597
Retirement benefits	645	242	2,618	524	167	1,882
Utilities	774	290	3,634	613	200	3,406
	4,938	1,873	23,135	3,930	1,299	21,213
	12,680	**4,776**	**59,475**	**10,059**	**3,302**	**55,275**
Number of persons	**1**	**1**	**32**	**1**	**1**	**34**

35.1 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.

36. 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.

36.1 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.

36.1.1 Internet Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2017, the Company is exposed to such risk mainly in respect of long-term 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. 8.18 (2016: Rs. 9.63) 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.

36.1.2 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, 2017 US $	June 30, 2016 US $
Trade debts	**72,098**	31,890
Bank balances	**524**	583
Trade and other payables	**(94,091)**	(259,958)
	(21,469)	(227,485)

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

Exchange rate (Rupees)	**105.00**	104.70

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, 2017	**+10**	**(225)**	**(225)**
	-10	**225**	**225**
June 30, 2016	**+10**	**(2,382)**	(2,382)
	-10	**2,382**	2,382

36.1.3 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, 2017 the Company is not exposed to equity price risk.

36.2 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 analysis the Company's maximum exposure to credit risk.

	June 30, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Trade debts	**702,996**	464,618
Deposits, loans and advances	**44,113**	46,667
Accrued mark-up	**27,102**	27,855
Other receivables	**3,095,690**	3,100,442
Bank balances	**5,889**	6,315
	3,875,790	3,645,897

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company'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, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Trade debts		
Customers with no defaults in the past one year	**702,996**	464,618
Bank balances		
A1+	**3,369**	388
A-1+	**526**	27
A-2	**87**	189
A-1	**1,907**	5,711
	5,889	6,315

36.3 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 monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with the practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position 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	**9,100**	**27,303**	**109,211**	**-**	**145,614**
Term finance certificate	**-**	**92,023**	**644,167**	**-**	**736,190**
Long-term deposits	**-**	**-**	**34,877**	**-**	**34,877**
Spectrum fee payable	**-**	**-**	**1,585,500**	**-**	**1,585,500**
Trade and other payables	**-**	**1,329,092**	**-**	**-**	**1,329,092**
Accrued mark-up	**49,806**	**-**	**-**	**-**	**49,806**
June 30, 2017	**58,906**	**1,448,418**	**2,373,755**	**-**	**3,881,079**
Long-term loans	19,280	37,484	187,262	-	244,026
Term finance certificate	-	-	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

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

36.4 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.

36.5 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 to 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, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Total debt	**2,467,304**	2,576,562
Less: Cash & cash equivalent	**5,889**	6,315
Net debt	**2,461,415**	2,570,247
Total equity	**2,369,359**	2,460,362
Total debt and equity	**4,830,774**	5,030,609
Gearing ratio	**50.95%**	51.09%

37. TRANSACTIONS WITH RELATED PARTIES

The related parties include 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:

Relationship: Wholly owned subsidiary companies

Name	Nature of Transaction		
Supernet Limited			
	Services rendered	**217,550**	199,208
	Services received	**-**	4,220
	Payment made	**1,138**	1,080
	Payment received	**-**	448
Telecard E-Solutions (Private) Limited			
	Services received	**7,982**	8,309
	Services rendered	**-**	150
	Payment made	**222**	321

Relationship: Entities having directors in common with the Company

Name	Nature of Transaction	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Arfeen International (Private) Limited			
	Services Received	**5,520**	5,520
	Markup charged on current account	**789**	717
	Services rendered	**323**	382
	Payments received	**137**	150
	Payments made	**-**	570
World Trade Center (Private) Limited			
	Service received	**29,223**	27,669
	Mark-up accrued on short-term loan	**2,542**	1,130
	Markup charged on current account	**1,998**	3,093
	Service rendered	**73**	-
	Repayment against short term borrowing	**-**	51,597
	Short-term Loan paid	**-**	30,000
Envicrete Limited			
	Services rendered	**207**	276
	Payments made	**20**	11
Provident Fund			
	Contribution during the year	**4,903**	3,865
IIL (Private) Limited			
	Services received	**16,085**	3,125
	Payments made	**350**	478
	Services rendered	**264**	18,364
	Payments received	**-**	437
Port Grand Limited			
	Services received	**180**	268
	Services rendered	**32**	33
Envicon (Pvt) Limited			
	Services received	**-**	12

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

38. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2017 (Un-audited)	June 30, 2016 (Audited)
		------- (Rupees in '000') -------	
Size of the Fund - Total assets		**70,749**	56,271
Cost of the investment made		**57,863**	47,306
Fair value of investments	38.1	**59,523**	49,753
Percentage of investments made		**84.13%**	88.42%

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

		%		%
Bank balances / deposits	**34,697**	58.0%	29,044	58.0%
Mutual funds	**13,729**	23.0%	12,321	25.0%
National Saving Schemes	**11,097**	19.0%	8,388	17.0%
	59,523		49,753	

38.2 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.

38.3 The share of employees of the Company is 44% (2016: 47%) in the total asset of the fund.

39. NUMBER OF EMPLOYEES

The number of employees at the year ended were 132 (2016: 136) and average number of employees during the year were 134 (2016: 139).

40. CORRESPONDING FIGURES

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

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 October 2017 by the board of directors of the Company.

42. GENERAL

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

Chief Executive	Chief Financial Officer	Director

CONSOLIDATED FINANCIAL STATEMENTS

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

901, QM House,
Ellender Road, Karachi-Pakistan.
Tel: +92-21-32621703-04
Fax: +92-21-32621701
E-mail: khi@parkerrandallajs.pk
URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Offices also at Islamabad, Faisalabad, Lahore & UK

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 as at June 30, 2017 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.

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 the financial position of the Holding Company and its Subsidiary Companies as at June 30, 2017 and the results of their operations for the year then ended.

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. 2,470.28 million in the accompanying consolidated financial statements; and

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

901, QM House,
Ellender Road, Karachi-Pakistan.
Tel: +92-21-32621703-04
Fax: +92-21-32621701
E-mail: khi@parkerrandallajs.pk
URL: www.parkerrandall.ajs.pk
URL: www.parkerrandall.com
Offices also at Islamabad, Faisalabad, Lahore & UK

iv) notes 30.1 to 30.10 & 30.16 to 30.17 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 06, 2017

Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	**803,715**	847,327
Intangible assets	5	**1,341,749**	1,523,346
		2,145,464	2,370,673
Long-term deposits	6	**87,659**	85,986
Long-term investments	7	**-**	-
Deferred taxation	8	**323,734**	317,739
		2,556,857	2,774,398
CURRENT ASSETS			
Communication stores	9	**161,254**	111,232
Trade debts	10	**1,381,554**	1,169,104
Loans and advances	11	**128,946**	88,370
Deposits and prepayment	12	**79,379**	63,841
Accrued mark-up	13	**27,102**	27,486
Other receivables	14	**3,106,231**	3,111,183
Taxation – net	15	**302,775**	306,866
Cash and Bank balances	16	**42,625**	22,812
		5,229,866	4,900,894
TOTAL ASSETS		**7,786,723**	7,675,292
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorized			
400,000,000 (2016: 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		**(166,034)**	(78,226)
		2,833,966	2,921,774
NON-CURRENT LIABILITIES			
Long-term loans	18	**218,586**	187,262
Term finance certificates	19	**644,167**	747,036
Advance from Contractor	20	**368,423**	396,619
Liability against asset subject to finance lease	21	**3,041**	-
Long-term deposits	22	**34,877**	35,268
Deferred liabilities	23	**1,591,308**	1,591,764
		2,860,402	2,957,949
CURRENT LIABILITIES			
Trade and other payables	24	**1,665,134**	1,468,927
Accrued interest / mark-up	25	**53,909**	68,135
Advances from customers	26	**79,955**	8,871
Short-term running finances	27	**139,972**	162,872
Short term borrowing	28	**7,500**	30,000
Current maturities of long-term liabilities	29	**145,885**	56,764
		2,092,355	1,795,569
CONTINGENCIES AND COMMITMENTS	30	**-**	-
TOTAL EQUITY AND LIABILITIES		**7,786,723**	7,675,292

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

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

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Revenue – net	31	**2,835,113**	2,755,699
Direct costs	32	**2,093,387**	2,204,557
Gross profit		**741,726**	**551,142**
Administrative expenses and Distribution costs	33	**593,373**	595,785
Other operating expenses	34	**-**	20,533
		593,373	616,318
Other income	35	**(23,188)**	(411,905)
		570,185	204,413
Operating profit		**171,541**	**346,729**
Finance costs	36	**(83,974)**	67,024
Profit before taxation		**87,567**	**279,705**
Taxation	37	**(175,375)**	(227,494)
Net (loss)/profit for the year		**(87,808)**	**52,211**
(Loss)/earning per share - basic and diluted - (Rupees)	38	**(0.29)**	0.17

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

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

	June 30, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Net (loss)/profit for the year	**(87,808)**	52,211
Other comprehensive income	**-**	-
Total comprehensive (loss)/income for the year	**(87,808)**	52,211

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive   Chief Financial Officer   Director

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

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**426,048**	263,771
Income tax paid		**(177,280)**	(178,339)
Finance costs paid		**(84,197)**	(44,909)
Retirement benefits paid		**(765)**	(1,540)
Liability for long-term deposits		**(11)**	-
Long-term deposits		**(1,673)**	(4,798)
Net cash generated from operating activities		**162,122**	34,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(112,110)**	(119,252)
Proceeds from disposal of property, plant and equipment		**1,077**	664
Net cash used in investing activities		**(111,033)**	(118,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		**(10,846)**	-
Repayment of obligation under finance lease		**(1,618)**	-
Proceeds from /(repayment) of long-term finances		**26,588**	(14,705)
Repayment of short-term borrowings		**(22,500)**	(21,597)
Repayment/proceeds from short-term running finances		**(22,900)**	35,041
Net cash used in financing activities		**(31,276)**	(1,261)
Net incerease/(decrease) in cash and cash equivalents		**19,813**	(85,664)
Cash and cash equivalents at the beginning of the year		**22,812**	108,476
Cash and cash equivalents at the end of the year		**42,625**	22,812

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive | Chief Financial Officer | Director

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

	Issued, subscribed and paid-up capital	Accumulated (loss)	Total
	----------------------	(Rupees in '000')	----------------------
Balance as at July 01,2015	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**
Net loss for the year	-	(87,808)	(87,808)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	**(87,808)**	**(87,808)**
Balance as at June 30, 2017	**3,000,000**	**(166,034)**	**2,833,966**

The annexed notes from 1 to 47 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

> Telecard Limited - Holding Company
> Supernet 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 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 and freehold land which is stated at cost. These financial statements are prepared following accrual basis of accounting except for cashflow information.

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 16	Leases	January 01, 2019
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IFRS 7	Financial Instruments: Disclosures Disclosure Initiative - (Amendment)	January 01, 2017
IFRS 17	Insurance Contracts	January 01, 2021
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign CUrrency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

Annual improvements to IFRS standards 2014-201 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

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

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.

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

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

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

2.5.2 Standards, amendments and interpretations adopted during the year

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

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

2.6 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, the 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;	
> Fixed assets	3.1, 4 & 5
> Long term investments	3.2 & 7
Provision for doubtful debts and other receivables	3.4, 10 & 14
Accounting for staff retirement benefits	3.12 & 22.1
Recognition of tax and deferred tax	3.13, 8, 15 & 37
Advance from a Contractor	20
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 consolidated statement of profit and loss income during the period in which they are incurred.

Depreciation is charged to consolidated statement of profit and loss account by applying the straight-line method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in the relevant note 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 from 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 consolidated statement of profit and loss for the year.

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

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

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

3.1.2 Intangible assets
The costs of licenses and spectrums to provide telecommunication services are classified as intangible assets. These are stated at cost less accumulated amortisation and impairment, if any. These are amortised 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 amortisation, and any identified impairment losses. amortisation is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives specified in the relevant note to these consolidated financial statements, and is charged to consolidated statement of profit and loss for the year. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

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

3-1.4 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 consolidated statement of profit and loss, or (ii) determined to be impaired, at which time the cumulative loss is recognized in the consolidated statement of profit and loss.

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 date of consolidated statement of financial position.

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 date of consolidated statement of financial position 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 of cash in hand and balance with banks.

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

3.9 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes party to the contractual provisions of the instruments. The Group derecognises a financial asset or a portion of financial asset when, and only when, the Group loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognised from the consolidated statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to consolidated statement of profit and loss. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. The financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.10 Offsetting financial assets and financial liabilities

Financial asset and financial liability are offset and the net amount is reported in the consolidated 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 realise 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 date of consolidated financial position. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, 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 consolidated 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 consolidated 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.

Deffered

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 consolidated 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of consolidated statement of financial position.

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 consolidated statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to consolidated statement of profit and loss.

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 an accrual basis.

Revenue from Long Distance International (LDI) license is recognized at the time the call is terminated over the Group'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 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 Group's information system and records.

3.18 Dividend and other appropriation of reserves

Final dividends and appropriation to general reserves are recognized in the consolidated 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 Group'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.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Operating fixed assets	4.1	782,626	839.575
Capital work in progress	4.2	21,089	7,752
		803,715	**847,327**

4.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	
		As at July 01, 2016	Additions	(Disposals)	As at June 30, 2017	As at July 01, 2016	For the year	(On disposals)	As at June 30, 2017	As at June 30, 2017	Depreciation rate per annum
		------------ (Rs. in '000') ------------									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		13,562	170	-	13,732	6,305	1,984	-	8,289	5,443	20%
Building on freehold land		625	-	-	625	468	31	-	499	126	5%
Apparatus, plant and equipment	4.1.1	7,207,629	87,303	-	7,294,932	6,422,055	147,382	-	6,569,437	725,495	5-33%
Signboards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		84,186	5,650	-	89,836	61,535	3,901	-	65,436	24,400	10%
Computers and related accessories		105,488	3,734	-	109,222	98,692	4,515	-	103,207	6,015	33%
Vehicles		38,476	1,916	(1,499)	38,893	24,356	3,158	(1,024)	26,490	12,403	20%
		7,483,861	**98,773**	**(1,499)**	**7,581,135**	**6,644,286**	**160,971**	**(1,024)**	**6,804,233**	**776,902**	
Leased Assets											
Plant & equipment		-	6,493	-	6,493	-	769	-	769	5,724	20%
June 30, 2017		**7,483,861**	**105,266**	**(1,499)**	**7,587,628**	**6,644,286**	**161,740**	**(1,024)**	**6,805,002**	**782,626**	

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

	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 disposal / 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 & 4.2	7,098,680	102,684 6,265	-	7,207,629	6,235,285	186,770	-	6,422,055	785,574	5-33%
Sign boards		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		101,923	3,690	(125)	105,488	92,888	5,882	(78)	98,692	6,796	33%
Vehicles		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**	

4.1.1 This include:

4.1.1.1 The cost of fully depreciated asset as at June 30, 2017 was Rs. 6,262.53 (2016: Rs. 6,000.94) million.

4.1.1.2 Equipments costing Rs. 797.85 (2016: 642.85) millios, having and net book value of Rs. 154.10 (2016: Rs. 94.21) million are in the possession of the customers of the Group in the ordinary course of business.

4.1.1.3 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')-----------------						
Vehicles							
Toyota Corolla	1,499	1,024	475	1,077	602	Negotiation	Zain Saeed, Karachi
	1,499	**1,024**	**475**	**1,077**	**602**		

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
4.1.2 Depreciation for the year has been allocated as follows			
Direct costs	32	**147,298**	186,686
Administrative expenses and distribution costs	33	**14,442**	15,578
		161,740	**202,444**

	Owned equipments	Advances to suppliers	Total
	------------- (Rupees in '000') -------------		
4.2 Capital work-in-progress			
As at July 01, 2016	7,752	-	7,752
Addition during the year	13,337	-	13,337
June 30, 2017	**21,089**	**-**	**21,089**
June 30, 2016	7,752	-	7,752

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
5. INTANGIBLE ASSETS			
Intangible assets	5.1	**1,341,749**	1,522,806
Capital work in progress-software development		**-**	540
		1,341,749	1,523,346

5.1 The statement of intangible assets is as follows:

		Cost			Accumulated amortization				W.D.V.	
	Note	As at July 01, 2016	Additions/ transfers*	As at June 30, 2017	As at July 01, 2016	For the year	(On disposal)	As at June 30, 2017	As at June 30, 2017	Period years
		(Rs. in '000')								
WLL Licenses	5.1.1	3,345,096	-	3,345,096	1,905,355	179,969	-	2,085,324	1,259,772	16-20
LDI License	5.1.2	29,029	-	29,029	16,512	1,548	-	18,060	10,969	18-20
Computer software		39,236	540*	39,776	38,936	80	-	39,016	760	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2017		**3,530,225**	**540**	**3,530,765**	**2,007,419**	**181,597**	**-**	**2,189,016**	**1,341,749**	

		Cost			Accumulated amortization				W.D.V.	
	Note	As at July 01, 2015	Additions 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**	

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 amortised cost of the frequency is Rs. 12.69 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, 2017	June 30, 2016
		------- (Rupees in '000') -------	
5.2 Amortization for the year has been allocated as follows:			
Direct costs	32	**181,517**	181,517
Administrative expenses and distribution costs	33	**80**	80
		181,597	181,597

6. LONG-TERM DEPOSITS

Security deposits

Line deposits – PTCL	**45,778**	45,778
Deposit to foreign satellite bandwidth providers	**23,476**	21,803
Rented premises	**3,018**	3,018
China Orient Telecom Satellite Group	**6,473**	6,473
ABS Global Middle East	**3,454**	3,454
Guarantee margin	**5,000**	5,000
Others	**460**	460
	87,659	85,986

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

7. LONG-TERM INVESTMENT

	Note	June 30, 2017	June 30, 2016
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 had been impaired.

8. DEFERRED TAXATION

	June 30, 2017	June 30, 2016
Deferred tax credits arising on		
Accelerated tax depreciation	**(11,063)**	(11,332)
Amortisation of intangible assets	**(360,007)**	(409,936)
	(371,070)	(421,268)
Deferred tax debits arising from		
Retirement benefits	**1,742**	1,898
Accelerated tax depreciation	**11,461**	21,358
Provisions	**500,461**	510,143
Tax losses brought forward	**181,140**	205,608
	694,804	**739,007**
	323,734	**317,739**

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

9. COMMUNICATION STORES

	Note	June 30, 2017	June 30, 2016
Stores		**151,472**	118,703
Provision for slow moving stores	9.1	**(10,743)**	(10,743)
		140,729	**107,960**
Consumables		**20,525**	3,272
		161,254	111,232

9.1 Provision against slow moving stores:

Balance at the end of the year		**10,743**	**10,743**

10. TRADE DEBTS

Unsecured - considered good

	Note	June 30, 2017	June 30, 2016
Related parties	10.1	**4,737**	5,034
Others		**1,376,817**	1,164,070
Considered doubtful		**305,129**	239,192
Provision for debts considered doubtful	10.2	**(305,129)**	(239,192)
		-	-
		1,381,554	**1,169,104**

10.1 Related parties

Arfeen International (Private) Limited		**3,557**	1,677
World Trade Center (Private) Limited		**8**	1,218
Grand Leisure Corporation (Private) Limited		**626**	1,256
Envicrete Limited		**355**	685
Port Grand Limited		**191**	198
		4,737	**5,034**

10.2 Provision for debts considered doubtful

Opening balance		**239,192**	226,031
Charge for the year	33	**65,937**	13,161
		305,129	**239,192**

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

	Total	Neither past due nor impaired	Past due but not impaired: > three months up to one year	Past due but not impaired: > one year
	----------	----------	(Rupees in '000) ----------	----------
Others	**1,376,817**	**261,624**	**683,502**	**431,691**
Related parties	**4,737**	**309**	**2,179**	**2,249**
June 30, 2017	**1,381,554**	**261,933**	**685,681**	**433,940**
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**

11. LOANS AND ADVANCES

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000')	-------
Loans – unsecured			
Considered good	11.1	**30,000**	30,000
Related Party			
Advances– unsecured			
Considered good			
Executives	11.2	**4,506**	3,498
Employees		**39,017**	17,609
Suppliers		**55,423**	37,263
		98,946	58,370
Considered doubtful			
Executives		**276**	276
Employees		**1,765**	1,765
Suppliers		**8,320**	3,282
Provision for advances considered doubtful	11.3	**(10,361)**	(5,323)
		-	-
		98,946	58,370
		128,946	88,370

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% (2016: 3 months KIBOR plus 2.4%) per annum.

11.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs 5.11 (2016: Rs. 3.89) million.

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
11.3 Provision for advances considered doubtful			
Opening balance		**5,323**	5,323
Provision for the year	33	**5,038**	-
		10,361	**5,323**

12. DEPOSITS AND PREPAYMENTS

Deposits			
Earnest money		**22,104**	11,582
Margin against guarantee		**16,497**	6,552
Others		**2,246**	2,311
		40,847	**20,445**
Considered doubtful			
Earnest money		**2,441**	2,441
Provision against deposits considered doubtful		**(2,441)**	(2,441)
		-	-
Prepayments			
Rent		**12,618**	16,711
Interconnect operators		**24,955**	24,895
Others		**959**	1,790
		38,532	**43,396**
		79,379	**63,841**

13. ACCRUED MARK-UP

	Note	June 30, 2017	June 30, 2016
Due from a bank	13.1	**55,587**	55,587
Mark-up on current accounts with related parties	13.2	**20,102**	20,486
		75,689	**76,073**
Provisions against accrued markup	13.1	**(48,587)**	(48,587)
		27,102	**27,486**

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 had made full provision against the same.

13.2 Related parties

	June 30, 2017	June 30, 2016
Instaphone (Private) Limited	**-**	2,137
Arfeen International (Private) Limited	**16,430**	17,219
World Trade Centre (Private) Limited	**3,672**	1,130
	20,102	**20,486**

14. OTHER RECEIVABLES

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Considered good			
Related parties	14.1	**2,521**	5,478
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**	345,594
Pakistan Telecommunication Authority	14.3	**1,988,466**	1,988,466
Claim against a bank	14.4	**998**	998
Insurance claims		**2,462**	3,321
Due from a contractor		**9,250**	7,488
Income Tax refundable	14.6	**2,991**	2,991
Others		**6,367**	9,265
		3,103,710	**3,105,705**
Considered doubtful			
Pakistan Telecommunication Company Limited	14.5	**727,303**	727,303
Pakistan Telecommunication Authority		**91,176**	91,176
Due from Zonal employees		**15,874**	15,874
Insurance claims		**8,628**	8,628
Others		**4,369**	4,369
		847,350	847,350
Provision for other receivables considered doubtful	14.7	**(847,350)**	(847,350)
		-	-
		3,106,231	**3,111,183**

14.1 Related parties

	2017	2016
Instaphone (Private) Limited	**-**	3,049
Grand Leisure Corporation (Private) Limited	**747**	747
Envicrete Limited	**1,312**	1,292
Port Grand Limited	**72**	-
Arfeen International (Private) Limited	**390**	390
	2,521	**5,478**

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 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. 71.28 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs. 2,261.93 million. The Court, during the year ended June 30, 2002, passed an interim order in favour 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 favour 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.

14.2 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs. 334.31 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 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 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. 29.47 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 Group, along with other LDI licensees, as a result thereof has 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. 4,429.27 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. 29.47 million, aggregating to Rs. 4,458.74 million (June 30, 2016: Rs. 4,458.74 million), against which the Group paid a sum of Rs. 1,988.47 million under protest (June 30, 2016: Rs. 1,988.47) 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. 2,470.28 (June 30, 2016: Rs. 2,470.28) million in these financial statements. However, during the last year as a matter prudence management has made a provision of Rs. 91.18 million. 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 for 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. 1.00 million each. The Group instituted a Constitutional Petition before the High Court of Sindh for setting aside 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 (2016: Rs. 0.998) million and damages, aggregating to Rs. 8.25 (2015: Rs. 8.25) 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. 1,000.00 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. 244.00 million refundable to it by PTCL. Further, the Group has also filed a claim for damages in the sum of Rs. 2,300.00 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 withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004 and raised a demanded Rs. 2.80 million in respect of tax not deducted and Rs. 2.41 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. 2.61 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. 0.19 million 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, 2017	June 30, 2016
		------- (Rupees in '000)' -------	
14.7 Provision for other receivables considered doubtful			
Opening balance		**847,350**	756,174
Provision for other receivables	33	**-**	91,176
		847,350	**847,350**
15. TAXATION – net			
Advance income tax		**484,146**	461,644
Provision for taxation - current	37.1	**(181,371)**	(154,778)
		302,775	**306,866**
16. CASH AND BANK BALANCES			
Cash at banks:			
In current accounts			
Local currency		**12,122**	1,985
Foreign currency		**1,439**	58
		13,561	**2,043**
In saving accounts			
Local currency	16.1	**29,004**	20,115
Cash in hand		**60**	654
		42,625	**22,812**

16.1 These carry mark-up at rates, ranging between 3.29% to 6.25% (2016: 5% to 6%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2017	June 30, 2016			
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, 86,515,004 (2016: 88,964,757) Ordinary shares of Rs.10 each, amounting to Rs.865.15 (2016: Rs. 889.65) million, were held by the related parties of the Group.

18. LONG-TERM LOANS

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Secured			
From banks and financial institutions			
Demand finance	18.1	**-**	98,412
Diminishing Musharakah	18.2	**145,614**	145,614
Term finance	18.3	**125,000**	-
		270,614	244,026
Current maturity shown under current liabilities	29	**(52,028)**	(56,764)
		218,586	187,262

18.1 The facility was obtained during the year ended June 30, 2007 from a commercial bank carrying mark-up at the rate of six month KIBOR plus 2.4 % (2016: six month KIBOR plus 2.4%) per anum, 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. During the year, this loan has been repaid in full.

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 an islamic bank. This facility is reedemable in 48 equal monthly installments starting from July, 2017. The facility carries profit at the rate of 3 month KIBOR with a floor of 7.5% (2016: 3 month KIBOR with a floor of 7.5%) per annum 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.

18.3 The facility is obtained during the current year ended June 30, 2017 from a commercial bank. The loan is repayable in 16 equal quarterly installments after a grace period of one year with the first payment starting from January 9, 2018. The loan carries mark-up at the rate of six month KIBOR plus 2.4 % per anum, with the mark-up payable quarterly. The facility is secured against hypothecation charge over plant and machinery, first pari pasu charge on current assets of the Group, pledge on shares of Holding company and third party equitable mortgage on property.

19. TERM FINANCE CERTIFICATES

	Note	June 30, 2017	June 30, 2016
Secured			
Term Finance Certificates	19.1	**736,190**	747,036
Current maturity shown under current liabilities	29	**(92,023)**	-
		644,167	**747,036**

19.1 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 mark-up payable on quaterly basis and principal amount redeemable in 12 unequal quarterly installments starting from March 31, 2018. These TFC's carry mark-up at the rate of three months KIBOR (2016: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.00 (2016: Rs.800.00) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

During the year, on the instruction of SECP, the Group has redeemed TFC's to minority TFC holders amounting to Rs. 10.85 (2016: Nil) million representing 6,969 (2016: Nil) number of units.

		June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
20. ADVANCE FROM A CONTRACTOR			
Unsecured			
Advance from a Contractor	20.1 & 20.2	**396,619**	411,445
Exchange loss on translation		**-**	12,038
Taken to Income during the current year		**(28,196)**	(26,864)
		368,423	396,619

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.1,051.25 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.

21. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

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

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

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in ‘000’) -------	
22. LONG-TERM DEPOSITS			
Distributors		**6,014**	6,014
Indoor call point holders		**-**	380
Others		**28,863**	28,874
		34,877	35,268

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

	Note	June 30, 2017	June 30, 2016
23. DEFERRED LIABILITIES			
Staff gratuity	23.1	**5,808**	6,264
Spectrum fee payable	23.2	**1,585,500**	1,585,500
		1,591,308	**1,591,764**

23.1 Staff gratuity

Reconciliation of obligations as at year end

	Note	June 30, 2017	June 30, 2016
Present value of defined benefit obligation	23.1.1	**5,808**	6,264

23.1.1 Movement in liability

		June 30, 2017	June 30, 2016
Net liability at beginning of the year		**6,264**	7,477
Charge for the year		**309**	327
Benefits paid during the year		**(765)**	(1,540)
		5,808	**6,264**

23.1.2 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, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Expected rate of increase in salaries, per annum	**9.50%**	9.50%
Expected discount rate, per annum	**10.50%**	10.50%

23.1.3 Comparison for five years

	2017	2016	2015	2014	2013
	-------------------- (Rupees in '000) --------------------				
Present value of defined benefit obligation	**5,808**	6,264	7,477	9,001	11,847

	June 30, 2017	June 30, 2016
	------- (Rupees in '000') -------	
23.2 Spectrum for payable	**1,585,500**	1,585,500

23.2.1 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 has been decided against the Company as per Order dated 23 May 2017, the Company has challenged the IHC Order through a CPLA, which is currently pending adjudication. The case is at the initial stage, and so far no hearing has taken place.

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

24. TRADE AND OTHER PAYABLES

	Note	June 30, 2017	June 30, 2016
Trade			
Pakistan Telecommunication Company Limited			
Wireless payphone service (WPS)	24.1	**609,708**	609,708
LL & LDI charges		**71,254**	73,958
Others		**786**	820
		681,748	684,486
Interconnect operators		**49,611**	44,698
Others		**408,739**	359,535
		1,140,098	1,088,719
Other payables			
Current accounts with related parties	24.2	**139,097**	82,736
Pakistan Telecommunication Authority		**38,630**	69,804
Advances from franchisees		**200**	200
Unearned income		**96,608**	72,238
Accrued liabilities		**195,149**	131,918
Unclaimed dividend		**4,394**	4,394
Workers' Welfare Fund		**7,746**	9,839
Others		**43,212**	9,079
		525,036	380,208
		1,665,134	1,468,927

24.1 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. 968.00 (2016: Rs. 968.00) million on account of air time charges, line rent and access charges and Rs. 276.00 (2016: Rs. 276.00) million in respect of leased line charges from the Group. Further, the PTCL raised a bill for Rs. 102.08 million and Rs. 50.91 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. 1,396.99 million.

The management, while acknowledging the liability to the extent of Rs. 609.71 (2016: Rs. 609.71) million does not accept the liability for the remaining sum of Rs. 787.28 (2016: Rs. 787.28) 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.100.00 million and Rs. 170.00 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.

24.2 Related parties

	June 30, 2017	June 30, 2016
	------- (Rupees in '000') -------	
World Trade Center (Private) Limited	**43,500**	21,099
Arfeen International (Private) Limited	**23,348**	18,259
Total Telecom Limited	**421**	421
IIL (Private) Limited	**67,662**	37,297
Chaman Investment (Private) Limited	**4,147**	4,703
Port Grand	**19**	107
Societe Generale (Private) Limited	**-**	850
	139,097	82,736

24.2.1 The above amounts due from related parties are payable on demand. These carry mark-up at the rate of 6% to 7% (2016: 7% to 7.5%).

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
25. ACCRUED INTEREST / MARK-UP			
On secured			
Long-term loans	18	**15,685**	20,065
Term finance certificates	19	**11,213**	11,764
Short-term running finances	27	**2,995**	14,402
		29,893	46,261
On unsecured			
Short term borrowings	28	**4,978**	4,836
Current accounts with related parties		**19,038**	17,038
		53,909	68,135
26. ADVANCES FROM CUSTOMERS			
Telenor LDI Communication (Private) Limited		**71,084**	-
Pakistan Mobile Communication (Private) Limited		**8,871**	8,871
		79,955	8,871
27. SHORT-TERM RUNNING FINANCES			
From banks – secured		**139,972**	162,872

The Group has arranged short-term running finance facility, aggregating to Rs.150 (2016: Rs.150) million from a commercial bank. This carry mark-up three months KIBOR plus 2.4% (2016: 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.

	Note	June 30, 2017	June 30, 2016
28. SHORT-TERM BORROWING			
From banks-Secured	28.1	**7,500**	30,000

28.1 This represents short-term finance facility aggregating to Rs, 30 million form a commercial bank. This carry mark-up three month KIBOR plus 5% per annum. This facility is secured by ranking charge over the current asset of the group.

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
29. CURRENT MATURITIES OF LONG-TERM LIABILITIES			
Long-term loans	18	**52,028**	56,764
Term finance certificates	19	**92,023**	-
Liabilities against asset subject to finance lease	21	**1,834**	-
		145,885	**56,764**

30. CONTINGENCIES AND COMMITMENTS

Contingencies

30.1 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. 56.47 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.

30.2 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.

30.3 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. 54.55 million. The Group has challenged the determination in the High Court of Sindh.

30.4 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. 1,400.00 million. The Court has granted stay and no coercive action can be taken by PTA.

30.5 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.1,233.54 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.

30.6 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. 2,400.00 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.

30.7 The Group has filed a Constitutional Petition (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.

30.8 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. 59.81 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. 56.92 million against the reported tax loss of Rs. 5.94 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. 4.53 million, against tax demand of Rs. 19.36 million, thus creating a final tax demand of Rs. 14.79 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. 74.60 (2016: Rs. 74.60) million.

30.9 PTCL's claim amounting to Rs.1,625.71 (2016: Rs.1,622.50) 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.

30.10 During the year 2015 a writ petition was instituted by the Group wherein the vires of late payment additional fees of Rs. 3.40 (2016: Rs. 3.40) 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.

30.11 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Company Limited, Thailand, in the High Court of Sindh against the Company for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 34.09 (2016: Rs. 33.99) million. Out of this amount, a sum of Rs. 15.54 (2016: Rs. 12.74) million had been withheld from the payments made by the Company to the above-referred entity. The balance amount of Rs. 18.54 (2016: Rs. 21.25) million has not been provided for in these financial statements as the Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Company's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said law suit in these consolidated financial statements.

30.12 A suit was filed by Huawei Technologies Company 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.31.50 (2016: Rs.31.41) million and a compensation of US$270,000 [approximately Rs. 28.35 (2016: Rs. 28.27) 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, no provision has been made for any liability that may arise as a result of the said law suit in these consolidated financial statements.

30.13 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. 17.08 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. Accordingly, no adjustment has been made to the above, shown under advance income tax in relevant note, pending a final decision in this matter.

30.14 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. 15.40 million was raised, the Group has so far furnished evidence of Rs. 13.27 million while pursuing for remaining tax deductions evidences of Rs. 2.13 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. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

30.15 The Group was issued a show cause notice by PTA stating that the Group was providing services beyond the scope of its license and issued an enforcement order on June 14, 2016 and suspending 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. Accordingly, no adjustment has been made to the above pending a final decision in this matter.

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

30.17 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.

30.18 No provision on account of above contigencies including note 30.16 and 30.17 has been made in the financial statements as the management and the legal / tax advisors of the Group are of the view, that these matters will eventually be settled in favour of the Group.

30.19 Counter guarantees given to banks amounting to Rs.189.91 (2016: Rs.183.60) million.

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

31. REVENUE – NET

Turnover		**2,714,808**	2,665,163
Services rendered to the Contractor under the network Agreement		**26,613**	26,081
Turn key Projects		**25,950**	34,943
Sale of equipment		**67,742**	29,512
		2,835,113	2,755,699

32. DIRECT COSTS

	Note		
Salaries and other benefits	32.1	**212,024**	155,560
Interconnect charges - net		**197,659**	287,726
Network media charges		**76,307**	81,898
Network sites rent		**71,323**	62,323
Network sites utilities and maintenance		**101,835**	83,836
Satellite communication charges		**903,627**	1,039,603
Cost of turn key projects		**18,778**	26,622
Communication stores consumed	32.2	**39,463**	10,009
Support service cost		**31,853**	19,683
Repair and maintenance		**1,569**	1,153
Royalty	32.3	**4,051**	3,011
Consultancy charges		**3,918**	3,554
Conveyance and travelling		**9,381**	12,082
Communication		**3,087**	2,707
Insurance		**8,989**	11,804
Annual license fee		**72,406**	28,427
Depreciation	4.1.2	**147,298**	186,686
Amortisation	5.2	**181,517**	181,517
Others		**8,302**	6,356
		2,093,387	**2,204,557**

32.1 This includes a sum of Rs.3.45 (2016: Rs.2.26) million in respect of the Group's contribution towards provident fund.

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
32.2 Communication stores consumed			
Opening stock		**118,703**	110,525
Purchases		**72,232**	18,187
		190,935	**128,712**
Closing stock		**(151,472)**	(118,703)
		39,463	**10,009**

32.3 The 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.

33. ADMINISTRATIVE EXPENSES & DISTRIBUTION COSTS

	Note	June 30, 2017	June 30, 2016
Salaries and other benefits	33.1	**320,290**	281,884
Postage, telephone and telex		**2,579**	2,010
Vehicles running and maintenance		**11,064**	11,545
Travelling and entertainment		**17,659**	19,079
Office security and maintenance		**4,481**	4,442
Stationery and photocopies		**3,219**	3,103
Rent and utilities		**97,757**	89,360
Insurance		**4,914**	5,489
Legal and professional charges		**13,309**	26,434
Auditors' remuneration	33.2	**4,324**	4,399
Sales promotion and marketing		**2,636**	4,164
Fee and subscription		**3,049**	1,309
Depreciation	4.1.2	**14,442**	15,758
Amortisation	5.2	**80**	80
Repair and maintenance		**16,169**	10,665
Communication		**3,103**	2,494
Provision for debts considered doubtful	10.2	**65,937**	13,161
Trade debts written off		**-**	4,190
Provision for other receivables considered doubtful		**-**	91,176
Provision for advances considered doubtful	11.3	**5,038**	-
Others		**3,323**	5,043
		593,373	595,785

33.1 This includes Rs. 0.31 million in respect of gratuity expense for the year (2016: Rs. 0.33 million) and Rs. 8.23 (2016: Rs. 6.75) million in respect of the Group's contribution towards provident fund.

		June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
33.2	**Auditor's remuneration**		
	Fee for the audit of annual financial statements	**2,565**	2,644
	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	**269**	265
		4,324	**4,399**
34.	**OTHER OPERATING EXPENSES**		
	Exchange loss – net	**-**	14,792
	Workers Welfare Fund	**-**	5,741
		-	**20,533**
35.	**OTHER INCOME**		
	Income from financial assets		
	Return on bank deposits	**2,573**	20,529
	Exchange gain	**4,304**	-
	Liabilities no longer payable written back	**12,767**	363,997
		19,644	**384,526**
	Mark-up on current accounts with related parties	**2,542**	1,130
	Income from non-financial assets		
	Gain on sale of fixed assets	**602**	617
	Professional service to a related party	**-**	18,000
	Others	**400**	7,632
		1,002	26,249
		23,188	**411,905**

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

36. FINANCE COSTS

Mark-up on secured:

Long-term loans		**16,934**	21,796
Term finance certificates		**44,998**	23,882
Short-term borrowing		**2,286**	3,769
Short-term running finances		**12,462**	13,334
Markup on accounts with related parties		**2,787**	613
Leased assets		**322**	-
Bank charges		**4,185**	3,630
		83,974	67,024

37. TAXATION

Current	37.1 & 15	**176,899**	154,778
Prior	15	**4,472**	-
Deferred	37.2	**(5,996)**	72,716
		175,375	227,494

37.1 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 & minimum tax under section 153 of the Income Tax Ordinance, 2001.

The income tax assessments of the Group have been finalized up to and including the tax year 2016, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 30.8, 30.13 & 30.14).

37.2 The applicable income tax rate for Tax Year 2018 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2017. Therefore, the deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilised.

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

(Loss)/profit after tax for the year (Rupees in 000)	**(87,808)**	52,211
Weighted average number of shares	**300,000,000**	300,000,000
Basic(loss)/earnings per share (Rupees)	**(0.29)**	0.17

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

39. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Profit before taxation		**87,567**	279,705
Adjustments for non-cash charges and other items:			
Depreciation	4.1.2	**161,740**	202,444
Amortisation	5.2	**181,597**	181,597
Provision for gratuity		**309**	327
Finance costs		**79,789**	63,394
Provision for debts considered doubtful	33	**65,937**	13,161
Provision for other receivables considered doubtful		**-**	91,176
Unrealised exhange gain		**(4,184)**	-
Provision for advances considered doubtful		**5,038**	-
Advance from contractor		**(28,196)**	(14,826)
Liability written back		**(12,387)**	(360,220)
Liability for long-term deposit		**(380)**	(3,275)
Term finance certificates		**-**	(539)
Gain on sale of fixed assets		**(602)**	(617)
		448,661	172,622
Profit before working capital changes		**536,228**	452,327
(Increase) / decrease in current assets			
Communication stores		**(50,022)**	(9,169)
Trade debts		**(278,387)**	(254,063)
Loans and advances		**(45,613)**	(53,751)
Deposits and prepayments		**(15,538)**	(10,232)
Other receivables		**(436)**	(18,218)
Accrued mark-up		**(2,122)**	481
		(392,118)	(344,952)
Increase in trade and other payables		**281,938**	156,396
Cash generated from operations		**426,048**	263,771

40. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2017			2016		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	---------- (Rs. in '000') ----------					
Managerial remuneration	**20,751**	**2,903**	**130,076**	**20,584**	**2,003**	**104,771**
Other perquisites and benefits:						
House rent	3,484	1,306	16,353	2,758	901	15,328
Medical	110	35	2,105	140	31	1,750
Retirement benefits	645	242	2,618	524	167	1,882
Perquisites and benefits	7,210	-	82,052	5,739	-	63,154
Leave passage	73	-	600	600	-	5,322
Utilities	774	290	3,634	613	200	3,406
	12,296	**1,873**	**107,362**	**10,374**	**1,299**	**90,842**
	33,047	**4,776**	**237,438**	**30,958**	**3,302**	**195,613**
Number of persons	3	1	108	4	1	92

40.1 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.

41. 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.

41.1 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.

41.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2017, the 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. 10.77 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.

41.1.2 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, 2017	June 30, 2016
	----------------US$----------------	
Trade debts	4,837,818	900,329
Bank balances	524	583
Trade and other payables	(2,151,917)	(938,962)
	2,686,425	**(38,050)**

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

Exchange rate (Rupees)	**105.00**	**104.70**

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, 2017	**+10**	28,207	28,207
	-10	(28,207)	(28,207)
June 30, 2016	**+10**	(398)	(398)
	-10	398	398

41.1.3 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, 2017 the Group is not exposed to equity price risk.

41.1.2 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, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Trade debts	**1,381,554**	1,169,104
Long-term deposits	**87,659**	64,183
Loans and advances	**128,946**	88,370
Other receivables	**3,106,231**	3,111,183
Accrued mark-up	**27,102**	27,486
Bank balances	**42,565**	22,158
	4,774,057	4,482,484

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	**1,381,554**	1,169,104
Bank balances		
A1+	**33,893**	16,057
A-1+	**1,581**	201
A-2	**1,467**	189
A-1	**5,624**	5,711
	42,565	22,158

41.3 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	9,100	42,928	218,586	-	270,614
Lease Lability	292	1,542	3,041	-	4,875
Term finance certificates	-	92,023	644,167	-	736,190
Long-term deposits	-	-	34,877	-	34,877
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	336,047	1,329,092	428,008	-	2,093,147
Accrued mark-up	53,909	-	-	-	53,909
Short-term borrowings	7,500	-	-	-	7,500
Short-term running finances	139,972	-	-	-	139,972
June 30, 2017	**546,820**	**1,465,585**	**2,914,179**	**-**	**4,926,584**

	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
Term finance certificates	-	-	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**

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

41.4 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 consolidated financial statements approximate their fair values, except for available-for-sale investment.

41.5 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, 2017	June 30, 2016
	------- (Rupees in '000') -------	
Total debt	**2,744,651**	2,769,434
Less; cash and cash equivalent	**(42,625)**	(22,083)
	2,702,026	2,747,351
Total capital	**2,833,966**	3,248,594
Capital and debt	**5,535,992**	5,995,945
Gearing ratio	**48.8%**	45.8%

42. 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, 2017	June 30, 2016
		------- (Rupees in '000') -------	
Relationship: Entities having directors in common with the Group			
Arfeen International (Private) Limited			
	Services received	**5,520**	5,520
	Service rendered	**1,158**	1,959
	Markup charged on current account	**789**	717
	Payments received	**137**	150
	Payments made	**-**	570
World Trade Center (Private) Limited			
	Services received	**69,431**	54,309
	Markup accrued on short-term loan	**2,542**	1,130
	Markup charged on current account	**1,998**	4,223
	Service rendered	**399**	404
	Repayment of short term borrowing	**-**	51,597
	Short term loan paid	**-**	30,000
Envicrete Limited			
	Services rendered	**292**	276
	Payments made	**20**	11
Port Grand			
	Services rendered	**32**	33
	Services received	**180**	268
Provident Fund			
	Contribution during the year	**11,685**	9,012
IIL (Private) Limited			
	Services rendered	**264**	18,364
	Services received	**16,085**	3,125
	Payment made	**350**	478
	Payment received	**141**	437
Envicon (Private) Limited			
	Services received	**-**	12

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

43. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	June 30, 2017 (Un-audited)	June 30, 2016 (Audited)
		------- (Rupees in '000') -------	
Size of the fund - total assets		**70,749**	56,271
Cost of the investment made		**57,863**	47,306
Fair value of investments	43.1	**59,523**	49,753
Percentage of investments made		**84.13%**	88.42%

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

	2017	%	2016	%
Bank balances/deposits	**34,697**	58.0	29,044	58.0
Mutual funds	**13,729**	23.0	12,321	25.0
Others	**11,097**	19.0	8,388	17.0
	59,523		49,753	

44. NUMBER OF EMPLOYEES

The numbers of employee at the year ended were 540 (2016: 512) and average number of employees during the year were 517 (2016: 504).

45. CORRESPONDING FIGURES

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

46. DATE OF AUTHORIZATION FOR ISSUE

Theses financial statement were authorized for issue on October 6, 2017 by the board of directors of the Group.

47. GENERAL

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

Chief Executive | Chief Financial Officer | Director

Pattern of Shareholding

As at June 30, 2017

Number of Share Holders	Share Holdings			Total Shares Held
175	1	-	100	6,387
573	101	-	500	267,130
823	501	-	1000	815,037
1,793	1001	-	5000	5,659,467
807	5001	-	10000	6,853,439
312	10001	-	15000	4,191,362
257	15001	-	20000	4,863,901
180	20001	-	25000	4,307,394
131	25001	-	30000	3,791,000
54	30001	-	35000	1,810,000
49	35001	-	40000	1,891,000
41	40001	-	45000	1,778,617
121	45001	-	50000	5,981,253
39	50001	-	55000	2,086,000
34	55001	-	60000	1,996,450
19	60001	-	65000	1,202,385
21	65001	-	70000	1,436,505
31	70001	-	75000	2,306,500
15	75001	-	80000	1,191,000
8	80001	-	85000	662,000
15	85001	-	90000	1,336,500
10	90001	-	95000	928,500
64	95001	-	100000	6,386,000
17	100001	-	105000	1,751,701
14	105001	-	110000	1,527,000
6	110001	-	115000	682,500
8	115001	-	120000	952,500
8	120001	-	125000	992,000
5	125001	-	130000	644,000
2	130001	-	135000	267,000
3	135001	-	140000	417,000
1	140001	-	145000	142,000
17	145001	-	150000	2,545,000
4	150001	-	155000	611,500
3	155001	-	160000	477,000
3	160001	-	165000	484,000
4	165001	-	170000	675,000
2	170001	-	175000	346,000
1	175001	-	180000	180,000
2	180001	-	185000	366,000
2	185001	-	190000	378,000
4	190001	-	195000	775,500

Number of Share Holders	Share Holdings			Total Shares Held
19	195001	-	200000	3,797,500
2	200001	-	205000	405,500
7	205001	-	210000	1,459,500
4	210001	-	215000	854,500
2	215001	-	220000	440,000
2	220001	-	225000	446,940
2	225001	-	230000	457,000
3	235001	-	240000	718,500
2	240001	-	245000	487,500
5	245001	-	250000	1,248,000
1	250001	-	255000	251,500
1	255001	-	260000	255,500
2	270001	-	275000	541,935
1	275001	-	280000	277,470
2	280001	-	285000	565,503
3	285001	-	290000	866,000
1	290001	-	295000	291,000
14	295001	-	300000	4,189,500
2	300001	-	305000	606,000
2	310001	-	315000	626,000
1	315001	-	320000	320,000
1	320001	-	325000	325,000
1	325001	-	330000	327,302
1	330001	-	335000	335,000
1	340001	-	345000	344,000
1	345001	-	350000	350,000
1	350001	-	355000	355,000
1	390001	-	395000	395,000
1	395001	-	400000	400,000
1	400001	-	405000	401,600
1	405001	-	410000	408,000
1	410001	-	415000	412,000
3	415001	-	420000	1,258,300
3	430001	-	435000	1,299,500
1	435001	-	440000	440,000
3	445001	-	450000	1,350,000
1	450001	-	455000	454,000
2	495001	-	500000	1,000,000
1	500001	-	505000	505,000
1	520001	-	525000	525,000
1	555001	-	560000	560,000
1	570001	-	575000	574,500

Number of Share Holders	Share Holdings			Total Shares Held
1	580001	-	585000	580,500
1	595001	-	600000	600,000
1	615001	-	620000	620,000
1	620001	-	625000	625,000
1	630001	-	635000	634,375
1	660001	-	665000	661,500
2	675001	-	680000	1,358,500
1	695001	-	700000	700,000
2	725001	-	730000	1,457,255
1	815001	-	820000	820,000
1	885001	-	890000	888,500
1	895001	-	900000	900,000
1	905001	-	910000	910,000
1	950001	-	955000	951,500
1	990001	-	995000	993,500
1	995001	-	1000000	995,118
1	1030001	-	1035000	1,033,638
1	1045001	-	1050000	1,049,500
1	1055001	-	1060000	1,059,500
1	1065001	-	1070000	1,066,000
1	1070001	-	1075000	1,073,642
1	1110001	-	1115000	1,112,000
1	1135001	-	1140000	1,139,500
1	1170001	-	1175000	1,175,000
1	1185001	-	1190000	1,188,000
1	1295001	-	1300000	1,300,000
1	1415001	-	1420000	1,417,500
1	1420001	-	1425000	1,424,362
1	1995001	-	2000000	2,000,000
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	2595001	-	2600000	2,600,000
1	2960001	-	2965000	2,962,000
1	2995001	-	3000000	2,996,749
1	3890001	-	3895000	3,894,858
1	5100001	-	5105000	5,105,000
1	7315001	-	7320000	7,320,000
1	10020001	-	10025000	10,022,400
1	22725001	-	22730000	22,727,180
1	39870001	-	39875000	39,870,345
1	56175001	-	56180000	56,179,000
5829				300,000,000

Catagories of Shareholders

As at June 30,2017

Name	NO OF SHARES	NOS	%
INDIVIDUALS	**148,843,232**	**5744**	**50**
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
	53,624,409	**8**	**17.87**
JOINT STOCK COMPANIES	69,174,913	50	23.06
BANKS, DFI'S, INSURANCE COMPANIES	117,752	5	0.04
MODARBAS AND MUTUAL FUND & OTHERS	2,182,660	10	0.73
	71,475,325	**65**	**23.83**
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**	**5,829**	**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 Friday October 27, 2017 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___________________, 2017.

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.