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Company Information

Board of Directors	Mr. Sultan ul Arfeen (Chairman) Mr. Shams ul Arfeen (CEO) Mr. Shahid Firoz Mr. Tipu Saeed Mr. Imran Malik Mr. Hissan ul Arfeen Mr. Waseem Ahmad
Board Audit Committee	Mr. Sultan ul Arfeen (Chairman) Mr. Shahid Firoz Mr. Imran Malik
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Chief Executive Officer	Mr. Shams ul Arfeen
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Mr. Tipu Saeed Khan
Company Secretary	Mr. Waseem Ahmad
Banks	KASB Bank Limited Standard Chartered Bank (Pakistan) Ltd. Deutsche Bank Citibank Faysal Bank Ltd. National Bank of Pakistan Pak Oman Investment Company Ltd. Silk Bank
Registrar and Share Transfer Office	Gangjees Registrar Services (Pvt.) Ltd. 516, Clifton Centre Khayaban-e-Roomi, Kehkashan, Block 5, Clifton, Karachi
Registered Office	3rd Floor, 75 East, Blue Area, Fazal-ul-Haq Road, Islamabad Pakistan
Corporate Office	7th Floor, World Trade Center, 10-Khayaban-e-Roomi, Clifton, Karachi Pakistan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of the Company will be held on Tuesday 15 November 2011 at 1100 hours 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 12 November 2010.*

2. *Receive, consider and adopt the Audited Accounts of the Company for the year ended 30 June 2011 together with the Directors' and Auditors' reports thereon.*

3. *Appoint Auditors of the Company for the year ending 30 June 2012 and fix their remuneration. Present Auditors M/s Ernst & Young Ford Rhodes Sidat Hyder-Chartered Accountants are retiring and being eligible offers themselves for reappointment.*

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

By order of the Board

Waseem Ahmad
Company Secretary
Islamabad

Notes

1. *The Members Register will remain closed from 09 November 2011 to 15 November 2011 (both days inclusive). Transfers received in order by Shares Registrar, Gangjees Registrar Services (Pvt.) Limited, 516 Clifton Center, Khayaban-e-Roomi, Kehkashan, Block-5, Clifton, Karachi by the close of business on November 08, 2011 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 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.*

4. *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.*

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

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

DIRECTORS' REPORT

The Directors of Telecard Limited are pleased to present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2011.

Review of Current Operations

The revenue for the year was Rs. 1.65 billion compared to Rs. 2.44 billion for the corresponding period. The reduction is directly attributed to significant decline in the rates for the Long Distance and International (LDI) segment of the Company due to a number of factors severely affected the revenues and cash flows of the Company.

Due to above mentioned reasons the financial performance of the Company remained challenged. Gross Profit for the year reduced by 75% from Rs. 669 million in 2010 to Rs. 170 million in 2011. This also includes the impact of depreciation and amortization of Rs. 621 million. The reduction in distribution cost amounting to Rs. 101 million together with the a write back of liability of Rs. 548 million made the Company register an Operating Profit of Rs. 395 million in comparison of Rs. 1.06 billion last year, which included the impact of a one off sale of intangible asset. Finance cost was cut-down by 46% due to reduced debt. This has helped the Company in posting a Net Profit of Rs. 76 million, compared to Rs. 698 million for last year. Earnings per share for the period were Rs. 0.25, compared to Rs. 2.33 in 2010. The decline in revenues and cash flow has also impacted the Company's ability to meet its obligations. However, a number of initiatives are underway to rectify the situation and the Company is hopeful that the current situation will improve in the short term.

On a consolidated basis the total revenue was Rs. 2.59 billion against Rs.3.6 billion last year, and net profit was Rs. 100 million in comparison of Rs. 824 million in the time frame last year.

Formation of a Subsidiary

Push on building new revenue stream continues and in this regard, a wholly owned subsidiary of the Company by the name of Telecard E-Solutions (Pvt.) Limited has been established with the purpose of providing information and communication technology solutions to the corporate world. The commercial operations were not commenced by the subsidiary until the year end.

Corporate Strategy & Future Outlook

Your Company through itself and its subsidiaries, Supernet and Telecard E- Solutions (Pvt.) Limited, has established itself as an alternate service provider. It is delivering fully integrated telecommunication services which include basis wireless telephony, long-distance and international, data services and payphones.

On the cost side the Company has made significant reduction in expenses, and focus on cost optimization will continue. In addition, the management is looking at options for generating revenues from non-core areas, and to turn cost centers into profit centers. The Company has made headway in a few operating areas, and more areas will be identified in future.

Subsidiary Company

Supernet's performance remained consistent during 2011 despite serious and persistent economic down-turn. It posted total revenues of Rs. 1.05 billion as compared to Rs. 1.2 billion in 2010. A slight reduction due to decrease in sales of equipment. Net profit for the year was Rs. 24 million as against Rs. 126 million last year.

Subsequent to the year end, Supernet has also declared a cash dividend of 2.5% and bonus share of 7.5%, making it a second time dividend by the Subsidiary to the Company.

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) 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 for 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, five (5) Boards of Directors meetings were held and attended as follows:

Name of Directors	No. of Meetings Attended
Sultan ul Arfeen	5
Shams ul Arfeen	5
Shahid Firoz	3
Syed Nizam Ahmad Shah	3
Imran Malik	2
Hissan ul Arfeen	4
Peregrine Moncrieff	2

Consolidated Financial Statements

Consolidated Financial Statements of the Company as on 30 June 2011 are annexed.

Auditors

The present auditors, Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Dividends

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

Pattern of Shareholding

The pattern of shareholding as on 30 June 2011 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 assets for your Company. We sincerely thank them for their untiring efforts throughout the year, and value their association.

On behalf of the Board

Shams ul Arfeen
Chief Executive Officer

22 October 2011

Six Year Financial Summary
Financial Analysis

	June 2011 Rupees	June 2010 Rupees	June 2009 Rupees	June 2008 Rupees	June 2007 Rupees	June 2006 Rupees
REVENUE- Net	1,651,617	2,444,502	3,791,473	1,904,313	2,147,662	2,560,424
Direct Cost	(1,480,673)	(1,774,849)	(2,506,398)	(2,176,714)	(2,135,487)	(1,938,960)
Gross Profit / (Loss)	170,944	669,653	1,285,075	(272,401)	12,175	621,464
Administrative and selling expenses	(392,128)	(491,129)	(622,784)	(599,979)	(565,822)	(510,378)
Gain arising from present value adjustment				426,196		
Other operating expenses	(3,298)	(58,848)	(39,748)	(63,443)		
Other operating income	70,293	44,757	69,992	88,687	439,377	215,013
Gain on sale of intangible asset	-	1,478,758				
Liabilities no longer payable written back	548,707	87,927				
	223,574	1,061,465	(592,540)	(148,539)	(126,445)	(295,365)
Operating Profit / (Loss)	394,518	1,731,118	692,535	(420,940)	(114,270)	326,099
Financial charges	(284,159)	(530,449)	(580,719)	(528,919)	(499,598)	(419,388)
Net Profit / (Loss) before taxation	110,359	1,200,669	111,816	(949,859)	(613,868)	(93,289)
Taxation	(35,949)	(502,207)	(56,641)	407,323	168,906	38,958
Profit / (Loss) after taxation	74,410	698,462	55,175	(542,536)	(444,962)	(54,331)
Accumulated (Loss) / Profit b/f	400,988	(297,474)	(352,648)	189,888	634,850	689,181
	475,398	400,988	(297,474)	(352,648)	189,888	634,850
Final dividends @ Rs. 0.10 per Ordinary Share of Rs. 10 each for the year ended June 30, 2010	(30,000)	-	-	-	-	-
	445,398	400,988	(297,474)	(352,648)	189,888	634,850
EPS / (Loss) per Share (Rupees)	0.25	2.33	0.18	(1.81)	(1.48)	(0.18)

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Islamabad Stock Exchanges 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 in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board. At present the board includes three non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten 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. One casual vacancy occurred during the year which was filled within the stipulated time frame.

5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by the directors and employees of the Company.

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 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 is in the process of arranging orientation course for its new directors to apprise them of their duties and responsibilities

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

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. In pursuance of circular KSN/n-269 dated 19 January 2009 notified by the KSE all the arms length transactions were placed before the Audit Committee and the Board for their approval in the meeting of the Board and Audit Committee held during the year.

14. *The directors, CEO and executives do not hold an interest in the shares of the Company other than that disclosed in the pattern of shareholding.*

15. *The Company has complied with all the corporate and financial reporting requirements of the Code.*

16. *The Board has formed an audit committee. It comprises three Members; two of them are non-executive directors.*

17. *The meetings of the audit committees were held at least once every quarter prior to approval of interim and final results of the Company, and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.*

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. *We confirm that all other material principles contained in the Code have been complied with.*

Shams ul Arfeen
Chief Executive Officer

October 22, 2011

ERNST & YOUNG

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Telecard Limited (the Company) to comply with the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited and the Islamabad Stock Exchange (Guarantee) 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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's 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.

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 June 2011.

Ernst & Young Ford Rhodes Sidat Hyder

Karachi – *Chartered Accountants*

22 October 2011

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Telecard Limited (the Company) as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement 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 conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

(i) the balance sheet 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 account and are further in accordance with accounting policies consistently applied except for the changes, as discussed in the note 4.2 to the financial statements with which we concur;

(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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement 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 30 June 2011 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended;

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance subsequent to the end of the year; and

We draw attention to the contents of:

i) notes 14.2(a) and 14.3 to the accompanying financial statements in respect of the lawsuit filed by the Company during the year ended 30 June 2000 in the High Court of Sindh (the Court) with regard to the recovery of Karachi Relief Rebate, interconnect discount and other related amounts from Pakistan Telecommunication Company Limited (PTCL). On an application filed by the Company, the Court passed an interim order in favour of the

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Company and appointed a firm of Chartered Accountants to determine the actual amount due from the PTCL in this regard. The said firm submitted its report to the Court during the year ended 30 June 2002, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001. Accordingly, pending a final decision by the Court in this matter, no provision has been made in the accompanying financial statements for any amount that may not be recoverable;

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

iii) *note 14.6 to the accompanying financial statements in respect of the Pakistan Telecommunication Authority's (PTA) claim for Access Promotion Contribution for Universal Service Fund of Rs.3,878.272 million, out of which the Company has paid a sum of Rs.2,111.115 million to the PTA up to the end of the current year under protest. The Islamabad High Court, however, decided the case in favour of the PTA during the year ended 30 June 2010. As a result, the Company has filed an appeal in the Supreme Court of Pakistan, and, hence, pending a final decision in this matter, no adjustment has been made to the above referred sum of Rs.2,111.115 million, shown by the Company under other receivables (note 14.6) nor any provision has been made for the remaining sum of Rs.1,767.157 million in the accompanying financial statements;*

iv) *notes 30.1 to 30.11 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 therefrom;*

v) *note 13.1 to the accompanying financial statements in respect of additional mark-up claimed by the Company from a commercial bank which has been accrued by the Company in the accompanying financial statements. Pending a final decision in this matter, no provision has been made in the accompanying financial statements thereagainst;*

vi) *note 23.3 to the accompanying financial statements in respect of Spectrum Fee payable, shown under deferred liabilities, as a result of the appeal instituted by the Company in the Islamabad High Court during the current year;*

vii) *note 19.1 to the accompanying financial statements concerning default in the redemption of Term Finance Certificates, due on May 27, 2011; and*

viii) *note 36 to the accompanying financial statements relating to liabilities no longer payable written back during the current year.*

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

Ernst & Young Ford Rhodes Sidat Hyder

Audit Engagement Partner's Name: Pervez Muslim — *Chartered Accountants*

Date: 22 October 2011

Place: Karachi

BALANCE SHEET AS AT JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	2,130,039	2,559,009
Intangible assets	6	2,359,843	2,541,360
		4,489,882	5,100,369
Long-term investments	7	340,637	340,537
Long-term loans	8	-	192
Long-term deposits	9	49,126	49,479
		4,879,645	5,490,577
CURRENT ASSETS			
Stock-in-trade		862	8,836
Trade debts	10	123,543	224,238
Loans and advances	11	14,732	75,965
Deposits and prepayment	12	34,606	41,358
Accrued mark-up	13	49,486	66,252
Other receivables	14	3,570,306	3,522,905
Taxation – net	15	120,293	156,406
Bank balances	16	8,659	23,580
		3,922,487	4,119,540
TOTAL ASSETS		8,802,132	9,610,117
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Share capital			
Authorised			
400,000,000 (2010: 400,000,000) Ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up	17	3,000,000	3,000,000
Revenue reserve			
Unappropriated profit		445,398	400,988
		3,445,398	3,400,988
NON-CURRENT LIABILITIES			
Long-term loans	18	201,625	502,000
Redeemable capital	19	476,160	776,160
Advance from a Subsidiary Company	20	147,924	-
Advance from a Contractor	21	467,121	525,517
Long-term deposits	22	59,724	61,112
Deferred liabilities	23	1,783,098	1,765,453
Due to employees	24	-	21,497
		3,135,652	3,651,739
CURRENT LIABILITIES			
Trade and other payables	25	1,294,742	1,863,034
Accrued interest / mark-up	26	113,819	74,017
Short-term running finances	27	292,735	269,771
Short-term borrowing	28	-	17,000
Current maturities of long-term liabilities	29	519,786	333,568
		2,221,082	2,557,390
CONTINGENCIES	30		
TOTAL EQUITY AND LIABILITIES		8,802,132	9,610,117

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
REVENUE – net	31	**1,651,617**	2,444,502
Direct costs	32	**(1,480,673)**	(1,774,849)
GROSS PROFIT		**170,944**	669,653
Administrative and selling expenses	33	**(392,128)**	(491,129)
Other operating expenses	34	**(3,298)**	(58,848)
		(395,426)	(549,977)
Other operating income	35	**70,293**	44,757
Gain on sale of intangible asset		-	1,478,758
Liabilities no longer payable written back	36	**548,707**	87,927
		619,000	1,611,442
		223,574	1,061,465
OPERATING PROFIT		**394,518**	1,731,118
Finance costs	37	**(284,159)**	(530,449)
PROFIT BEFORE TAXATION		**110,359**	1,200,669
Taxation	38	**(35,949)**	(502,207)
NET PROFIT FOR THE YEAR		**74,410**	698,462
EARNINGS PER SHARE - Basic and diluted (Rupees)	39	**0.25**	2.33

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Net profit for the year	**74,410**	698,462
Other comprehensive income	-	-
Total comprehensive income	**74,410**	698,462

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	40	**595,776**	(842,620)
Income tax refund received		-	25,000
Income tax paid / (adjusted)		**18,874**	(8,647)
Finance costs paid		**(244,357)**	(376,223)
Retirement benefits paid		**(2,621)**	(2,942)
Long-term loans		**192**	-
Due to employees		**(22,549)**	(16,624)
Liability for long-term deposits		**(1,388)**	(5,025)
Long-term deposits		**353**	1,185
Net cash generated from / (used in) operating activities		**344,280**	(1,225,896)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(19,876)**	(17,620)
Dividend income received		**8,388**	-
Investment in subsidiary		**(100)**	-
Proceeds from disposal of property, plant and equipment		-	1,425
Proceeds from the sale of intangible asset		-	1,257,070
Net cash (used in) / generated from investing activities		**(11,588)**	1,240,875
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from a Contractor – net		**(58,396)**	294,793
Advance from a Subsidiary Company – net		**159,924**	-
Repayment of long-term finances – net		**(317,625)**	(220,495)
Repayment of short-term borrowings - net		**(17,000)**	-
Proceeds / (repayment) of short-term running finances - net		**22,964**	(122,920)
Repayment of obligations under finance lease		**(1,640)**	(18,795)
Dividend paid		**(30,000)**	-
Repayment of redeemable capital		**(105,840)**	-
Net cash used in financing activities		**(347,613)**	(67,417)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(14,921)**	(52,438)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**23,580**	76,018
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**8,659**	23,580

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Issued, subscribed and paid-up	(Accumulated losses) / Unappropriated profit	Total
	----------------	(Rupees in '000)	----------------
Balance as at June 30, 2009	3,000,000	(297,474)	2,702,526
Net profit for the year	-	698,462	698,462
Other comprehensive income	-	-	-
Total comprehensive income	-	698,462	698,462
Balance as at June 30, 2010	3,000,000	400,988	3,400,988
Net profit for the year	-	74,410	74,410
Other comprehensive income	-	-	-
Total comprehensive income	-	74,410	74,410
Final dividend @ Rs.0.10 per Ordinary share of Rs.10 each for the year ended June 30, 2010	-	(30,000)	(30,000)
Balance as at June 30, 2011	**3,000,000**	**445,398**	**3,445,398**

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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 Karachi and Islamabad Stock Exchanges. The Company itself and through its subsidiary 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. 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 Holding Company (Telecard Limited). In addition to the separate financial statements, the Company prepares consolidated financial statements.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain employees' benefits which have been carried at present value (note 23.1).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	Income Tax (Amendment) – Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

		IASB Effective date (annual periods beginning Standard on or after)
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

4.2 Changes in accounting policies and disclosures resulting from adoption of standards, amendments and interpretations during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS - 2	*Group Cash-settled Share-based Payment Arrangements*
IAS - 32	*Financial Instruments: Presentation - Classification of Rights Issues (Amendment)*
IFRIC - 19	*Extinguishing Financial Liabilities with Equity Instruments*

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5	*Non-Current Assets Held for Sale and Discontinued Operations*
IFRS 8	*Operating Segments*
IAS 1	*Presentation of Financial Statements*
IAS 7	*Statement of Cash flows Presentation of Financial Statements*
IAS 17	*Leases*
IAS 36	*Impairment of Assets*
IAS 39	*Financial Instruments : Recognition and Measurement*

Issued in May 2010

IFRS 3 Business Combinations
IAS 27 Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on the financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4.3 Dividends and appropriation to general reserve

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

4.4 Significant accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

	Note
Determining the residual values and useful lives of fixed assets	4.5, 5 & 6
Impairment of	
▪ fixed assets	4.5, 5 & 6
▪ trade debts	4.8 & 10
Recognition of tax and deferred tax	4.16, 15, 23.2 & 38
Accounting for staff retirement benefits	4.15 & 23.1

4.5 Fixed assets

4.5.1 Property, plant and equipment

Owned

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

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. The rates used are stated in note 5.1 to the financial statements.

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

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to profit and loss account.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is recognized, except for gain on sale and leaseback transactions, which is deferred and amortised over the lease term of the asset.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged at the same rates as charged on the Company's owned assets.

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.

4.5.2 Intangible assets

The costs of license 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 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.

4.5.3 Impairment

The carrying values of the Company's assets are reviewed for impairment at each reporting date when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

4.6 Investment in Subsidiary Companies

Investment in Subsidiary Companies is stated at cost less impairment, if any. An assessment is made at each balance sheet date to determine whether there is any indication that an investment may be impaired. If such indication exists, the estimated recoverable amount of the investment is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

4.7 Stock in trade

Stock in trade comprises of internet and voice communication cards. These are valued at lower of cost and net realisable value. Cost is determined on first-in-first out basis except for stock in transit which is stated at invoice price plus other charges paid thereon up to the balance sheet date.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

4.8 Trade debts and other receivables

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

4.9 Loans, advances and deposits

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

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks and short-term investments, if any.

4.11 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.

4.12 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.

4.13 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

4.14 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.15 Employees' benefits

Gratuity Fund

The Company operates an unfunded gratuity scheme for its employees under "Workmen Category". Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation using "Projected Unit Credit Method". Actuarial gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Provident Fund

The Company operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 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 balance sheet date.

4.16 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, in accordance with the Income Tax Ordinance, 2001. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

Deferred

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

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 balance sheet date.

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 utilised.

4.17 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the spot rates of exchange prevailing on the balance sheet date. Non-monetary assets and liabilities are measured using exchange rates that existed when the values were determined. All differences are taken to the profit and loss account.

4.18 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 capitalised up to the time such assets get ready for intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

4.19 Revenue

Revenue from wireless payphone cards is recognised as the related units / credits are consumed by customers. The unutilised units / credits are carried in the balance sheet as unearned income.

Revenue from wireline payphone cards and from revenue sharing arrangements is recognised upon sale of cards to customers (i.e. not on card utilisation basis) due to limitations of the Company's information system to track the utilisation of cards by the customers. However, as the revenue from above is not significant in relation to the total revenue of the Company, the management believes that the overall impact of following the above accounting policy on the financial statements would not be material. Revenue from post paid packages is recognised on accrual basis.

Revenue from connection fee is recognised on sale of connections.

Revenue from incoming calls from local network as well as Long Distance International (LDI) network is recognised at the time the call is terminated over the Company's network.

Revenue from broadband services is recognised upon the rendering of such services.

Return on bank balances is accrued using effective interest method.

4.20 Interconnect charges and liability

Interconnect charges on all units / credits consumed in respect of wireless payphones 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.

Pakistan Telecommunication Company Limited (PTCL) interconnect charges in respect of wireline payphones at fixed rates on all cards sold is booked as liability whether or not corresponding bills are received. The balance over the bills received is treated as provision available to meet liability on untendered cards.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**1,583,459**	2,014,484
Capital work-in-progress	5.2	**546,580**	544,525
		2,130,039	2,559,009

5.1 Operating fixed assets

	Note	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
		As at July 01, 2010	Additions / transfers *	As at June 30, 2011	Rate/ period	As at July 01, 2010	For the year	On transfers *	As at June 30, 2011	As at June 30, 2011
		(Rs. in '000)				(Rs. in '000)				
June 30, 2011										
Owned										
Freehold land		3,020	-	3,020	-	-	-	-	-	3,020
Leasehold land	5.1.1	3,900	-	3,900	13 yrs	3,900	-	-	3,900	-
Building on freehold land		625	-	625	20 yrs	280	31	-	311	314
Apparatus, plant and equipment	5.1.2 & 5.2	5,478,146	11,443 10,155 *	5,499,744	5-33%	3,545,282	426,171	- 5,486 *	3,976,939	1,522,805
Sign boards		30,875	-	30,875	25%	30,752	123	-	30,875	-
Furniture, fixtures and office equipment		44,523	916	45,439	10%	26,953	3,294	-	30,247	15,192
Computers and related accessories		53,690	4,889	58,579	33%	47,868	4,178	-	52,046	6,533
Vehicles		25,783	572	26,355	20%	22,297	1,126	-	23,423	2,932
		5,640,562	17,820 10,155 *	5,668,537		3,677,332	434,923	5,486 *	4,117,741	1,550,796
Leased										
Apparatus, plant and equipment	5.1.2 & 5.1.3	141,853	- (10,155) *	131,698	10-33%	91,252	13,594	- (5,486) *	99,360	32,338
Vehicles	5.1.3	3,342	-	3,342	20%	2,689	328	-	3,017	325
		145,195	- (10,155) *	135,040		93,941	13,922	(5,486) *	102,377	32,663
		5,785,757	17,820	5,803,577		3,771,273	448,845	-	4,220,118	1,583,459

	Note	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
		As at July 01, 2009	Additions / transfers *	(Disposals)	As at June 30, 2010	Rate/ period	As at July 01, 2009	For the year	(On disposals) / transfers *	As at June 30, 2010	As at June 30, 2010
		(Rs. in '000)					(Rs. in '000)				
June 30, 2010											
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	-	3,020
Leasehold land	5.1.1	3,900	-	-	3,900	13 yrs	3,900	-	-	3,900	-
Building on freehold land		625	-	-	625	20 yrs	249	31	-	280	345
Apparatus, plant and equipment	5.1.2 & 5.2	5,446,393	1,753 30,000 *	-	5,478,146	5-33%	2,926,393	608,556	- 10,333 *	3,545,282	1,932,864
Sign boards		30,875	-	-	30,875	25%	29,600	1,152	-	30,752	123
Furniture, fixtures and office equipment		44,416	107	-	44,523	10%	23,566	3,387	-	26,953	17,570
Computers and related accessories		50,009	3,681	-	53,690	33%	42,781	5,087	-	47,868	5,822
Vehicles		23,832	3,030 1,079 *	(2,158)	25,783	20%	19,825	3,551	(2,158) 1,079 *	22,297	3,486
		5,603,070	8,571 31,079 *	(2,158)	5,640,562		3,046,314	621,764	(2,158) 11,412 *	3,677,332	1,963,230
Leased											
Apparatus, plant and equipment	5.1.2	171,853	(30,000) *	-	141,853	10-33%	85,734	15,851	- (10,333) *	91,252	50,601
Vehicles		4,421	(1,079) *	-	3,342	20%	3,440	328	- (1,079) *	2,689	653
		176,274	(31,079) *	-	145,195		89,174	16,179	- (11,412) *	93,941	51,254
		5,779,344	8,571 - *	(2,158)	5,785,757		3,135,488	637,943	(2,158) - *	3,771,273	2,014,484

5.1.1 This represents cost incurred by the Company during the year ended June 30, 1997 in acquiring leasehold land from the Karachi Municipal Corporation for a period of thirteen years for constructing a Time Tower thereon. The underlying lease agreement is in the name of Arfeen International (Private) Limited, a related party. The lease agreement expired during the year ended June 30, 2010. As a result, Arfeen International (Private) Limited are currently in the process of renewing the same.

5.1.2 These include:

5.1.2.1 Line Protection Units, costing Rs.22.206 (2010: Rs.22.206) million, having a net book value of Rs.0.519 (2010: Rs.1.152) million, installed by the Company at the PTCL Exchanges throughout the country for the protection of wireline connections.

5.1.2.2 Payphone units, costing Rs.1,922.745 (2010: Rs.1,922.239) million, having a net book value of Rs.63.721 (2010: Rs.199.852) million, which are in the possession of the customers of the Company in the ordinary course of business.

5.1.2.3 Outdoor payphone units, with an aggregate cost of Rs.248.983 (2010: Rs.248.983) million and a net book value of Rs.0.121 (2010: Rs.0.165) million, installed by the Company at various locations throughout the country in the ordinary course of business.

5.1.3 Leases relating to these assets have expired during the current year. However, these assets have not been transferred to owned assets as the formalities in respect of their transfer from the leasing companies are currently in process.

5.1.4 The cost of fully depreciated assets as at June 30, 2011 is Rs.1,992.960 (2010: Rs.1,279.999) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
5.1.5 Depreciation for the year has been allocated as follows:			
Direct costs	32	439,572	624,213
Administrative and selling expenses	33	9,273	13,730
		448,845	637,943

	Owned equipment	Advance to suppliers	Total
	-------------- (Rupees in '000) --------------		
5.2 Capital work-in-progress			
As at July 01, 2010	518,561	25,964	544,525
Additions during the year	440	2,157	2,597
Transfer to apparatus, plant and equipment	(509)	(33)	(542)
June 30, 2011	518,492	28,088	546,580
June 30, 2010	518,561	25,964	544,525

6. INTANGIBLE ASSETS

	Note	COST As at July 01, 2010	COST As at June 30, 2011	Period Yrs	ACCUMULATED AMORTISATION As at July 01, 2010	ACCUMULATED AMORTISATION For the year	ACCUMULATED AMORTISATION As at June 30, 2011	WRITTEN DOWN VALUE As at June 30, 2011
		----Rupees in '000----			-----------------Rupees in '000-----------------			
June 30, 2011								
WLL Licenses	6.1	3,345,096	3,345,096	20	825,541	179,969	1,005,510	2,339,586
LDI License	6.2	29,029	29,029	16-20	7,224	1,548	8,772	20,257
		3,374,125	3,374,125		832,765	181,517	1,014,282	2,359,843

	Note	COST As at July 01, 2009	COST Disposal during the year	COST As at June 30, 2010	Period Yrs	ACCUMULATED AMORTISATION As at July 01, 2009	ACCUMULATED AMORTISATION For the year	ACCUMULATED AMORTISATION (On disposal)	ACCUMULATED AMORTISATION As at June 30, 2010	WRITTEN DOWN VALUE As at June 30, 2010
		----Rupees in '000----				-----------------Rupees in '000-----------------				
June 30, 2010										
WLL Licenses	6.1	3,459,535	(114,439)	3,345,096	20	652,294	186,360	(13,113)	825,541	2,519,555
LDI License	6.2	29,029	-	29,029	16-20	5,676	1,548	-	7,224	21,805
		3,488,564	(114,439)	3,374,125		657,970	187,908	(13,113)	832,765	2,541,360

6.1 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 20 years, commencing August 04, 2004.

6.2 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 period ranging between 16 and 20 years, commencing July 27, 2004.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
7. LONG-TERM INVESTMENTS			
In wholly owned Subsidiary Companies			
Unquoted – at cost			
Supernet Limited			
36,066,690 (2010: 33,550,410) Ordinary shares of Rs.10 each including 2,516,280 bonus shares received during the year [Breakup value : Rs. 604.359 million (2010 : Rs. 588.849 million)], based on the audited financial statements of the Company for the year ended June 30, 2011		340,537	340,537
Telecard Asia (UK) Limited			
1 (2010: Nil) Ordinary share of £1 (equivalent to Rs.138) [Breakup value: £1 (equivalent to Rs.138) (2010: Rs.Nil)], based on the un-audited financial statements of the Company for the year ended May 31, 2011	7.1	-	-
Telecard E-Solutions (Private) Limited			
10,000 (2010: Nil) Ordinary shares of Rs.10 each [Breakup value: Rs.10 (2010: Rs.Nil)], based on the un-audited financial statements of the Company for the year ended June 30, 2011	7.2	100	-
		340,637	340,537

7.1 During the current year, on July 02, 2010, the Company acquired a subsidiary, Telecard Asia (UK) Limited as a result of a share transfer agreement, whereby, the Company acquired one Ordinary share of £1 of the said subsidiary, representing its entire paid-up share capital.

7.2 During the current year, on January 12, 2011, the Company acquired a subsidiary, Telecard E-Solutions (Private) Limited by subscribing 10,000 Ordinary shares of Rs.10 each, representing its entire paid-up share capital.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

8. LONG-TERM LOANS

	Note	June 30, 2011	June 30, 2010
Secured, considered good			
Executives	8.1, 8.2 & 8.3	130	135
Employees	8.1	113	116
		243	251
Recoverable within one year shown under current assets			
Executives		(130)	(55)
Employees		(113)	(4)
	11	(243)	(59)
		-	192

8.1 These are interest free personal loans given to the executives and employees of the Company, in accordance with the terms of their employment. The loans are recoverable in monthly installments over a maximum period of eighteen months and are secured against employees' gratuity balances.

Long-term loans have not been discounted to their present value as the financial impact thereof is not considered material by the management.

8.2 Reconciliation of the carrying amount of loans to executives

	June 30, 2011	June 30, 2010
Opening balance	135	80
Disbursements	-	55
Repayments	(5)	-
	130	135

8.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs.0.130 (2010: Rs.0.135) million.

9. LONG-TERM DEPOSITS

	Note	June 30, 2011	June 30, 2010
Security deposits			
Line deposits – PTCL		43,652	43,569
Rented premises		5,474	5,910
Leasing companies		13,309	14,325
Refundable within one year shown under current assets	12	(13,309)	(14,325)
		-	-
		49,126	49,479

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
10. TRADE DEBTS			
Unsecured			
Considered good			
Related parties		366	164
Others		123,177	224,074
Considered doubtful			
Others		204,732	201,872
Provision for debts considered doubtful	10.1	(204,732)	(201,872)
		-	-
		123,543	224,238

10.1 Provision for debts considered doubtful:

	Note	June 30, 2011	June 30, 2010
Opening balance		201,872	105,782
Charge for the year	33	2,860	96,090
		204,732	201,872

10.2 As at June 30, 2010, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: >3 months upto 6 months	>6 months upto 9 months	>9 months upto 1 year	>1 year
		-------------------------- (Rupees in '000) --------------------------				
June 30, 2011	123,543	67,088	8,694	3,828	1,756	42,177
June 30, 2010	224,238	88,239	89,249	14,501	13,680	18,569

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
11. LOANS AND ADVANCES			
Loans – unsecured			
Considered good			
Current portion of long-term loans			
Executives		130	55
Employees		113	4
	8	243	59
Supernet Limited, a wholly owned Subsidiary Company	11.1 & 11.2	-	55,224
		243	55,283
Advances – unsecured			
Considered good			
Executives	11.3	2,032	1,229
Employees		4,084	5,737
Suppliers		8,373	13,716
		14,489	20,682
Considered doubtful			
Executives		626	-
Employees		967	-
Suppliers		10,054	5,645
		11,647	5,645
Provision for advances considered doubtful	11.4	(11,647)	(5,645)
		-	-
		14,489	20,682
		14,732	75,965

11.1 Movement during the year

	Note	June 30, 2011	June 30, 2010
Opening balance		55,224	29,756
Addition during the year		-	53,513
Mark-up accrued during the year	35	1,678	24,832
Adjusted against services received		(5,965)	-
Repayment during the year		(50,965)	(52,877)
		-	55,224

11.2 This carries mark-up at the rate of six months KIBOR plus 3.5% (2010: six months KIBOR plus 3.5%) per annum and has been fully recovered during the current year.

11.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs.3.311 (2010: Rs.3.255) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
11.4 Provision for advances considered doubtful:			
Opening balance		5,645	5,645
Charge for the year	33	6,002	-
		11,647	5,645

12. DEPOSITS AND PREPAYMENT

	Note	June 30, 2011	June 30, 2010
Deposits			
Current portion of long-term lease deposits	9	13,309	14,325
WLL deposit with PTCL		3,787	3,787
Others		482	480
		17,578	18,592
Prepayment			
Rent		17,028	22,766
		34,606	41,358

13. ACCRUED MARK-UP

	Note	June 30, 2011	June 30, 2010
Due from a bank	13.1	48,587	48,587
Mark-up on loan to Supernet Limited, a wholly owned Subsidiary Company	11.1	-	24
Mark-up on current accounts with related parties	13.2 & 14.1.1	899	17,641
		49,486	66,252

13.1 This represents amount due from a commercial bank in respect of funds raised through Term Finance Certificates held by the said bank since April 20, 2005 whereas mark-up paid to the Company, commenced August 01, 2005. A claim in respect of the above was lodged by the Company with the bank during the year ended June 30, 2005, which is pending settlement therewith. The management is currently making necessary efforts to recover the aforesaid mark-up and is, therefore, confident about the recovery of the same.

Further, during the year ended June 30, 2008, an additional claim of Rs.194.494 million was lodged by the Company with the said bank as compensation for delay in the receipt of the above referred amount. However, the management has not accrued the same in these financial statements as a matter of prudence.

13.2 Related parties

	June 30, 2011	June 30, 2010
Pakcom Limited	-	17,423
Instaphone (Private) Limited	597	99
Instaphone Infrastructure (Private) Limited	302	119
	899	17,641

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
14. OTHER RECEIVABLES			
Considered good			
Due from related parties	14.1	76,893	32,566
Others:			
Pakistan Telecommunication Company Limited			
Karachi Relief Rebate	14.2	651,541	651,541
Interconnect discount	14.3	28,701	28,701
WPS - under protest payments	25.1	289,725	289,725
Leased lines and upfront connection charges	14.4	131,517	131,517
LL & LDI charges – under protest payments	14.5	200,000	200,000
Wire line	14.2(a)	48,712	48,712
Multi-metering	14.2(a)	18,287	18,287
		1,368,483	1,368,483
Pakistan Telecommunication Authority	14.6	2,111,115	2,111,115
Claim against a bank	14.7	998	998
Insurance claims	14.8	9,743	9,743
Due from a Contractor		2,907	-
Miscellaneous		167	-
		3,493,413	3,490,339
Considered doubtful			
Due from PTCL	14.9	10,361	10,361
Due from Zonal employees		15,874	15,874
Others		4,162	4,162
		30,397	30,397
Provision for other receivables considered doubtful	14.10	(30,397)	(30,397)
		-	-
		3,570,306	3,522,905

14.1 Related parties

	June 30, 2011	June 30, 2010
Pakcom Limited	-	14,875
Instaphone Infrastructure (Private) Limited	59,896	12,341
Supernet Limited	-	5,200
Envicrete Limited	346	122
Arfeen International (Private) Limited	12,360	-
Instaphone (Private) Limited	4,240	-
Telecard E-Solutions (Private) Limited	23	-
Grand Leisure Corporation (Private) Limited	28	28
	76,893	32,566

14.1.1 The above balance of Rs.76.893 (2010: Rs.32.566) million includes (a) a sum of Rs.76.187 (2010: Rs. 32.412) million due in respect of services rendered to the related parties and (b) a sum of Rs.0.706 (2010: Rs.0.154) million in respect of current account balances which are recoverable on demand. The current account balances carry mark-up at the rate of 6 months KIBOR plus 3.5% (2010: 6 months KIBOR plus 3.5%) per annum (note 13.2).

14.2 (a) In the interest of public safety, the Government of Pakistan (GoP) is empowered to close transmission of all messages / services, subject to certain conditions. Section 54 of the Pakistan Telecommunication (Reorganisation) Act 1996, states that the GoP can do so "provided that the GoP may compensate any licensee whose facilities or services are affected by any action under that section". Under these powers, the GoP shut down the service of the Company from July 1995 to January 1997. The Company served a notice to the GoP for compensation and as a quid pro quo and in consideration of the Company having agreed to withdraw its claim, the GoP offered the Karachi Relief Rebate Package. This arrangement was duly approved by the Cabinet and announced, on behalf of GoP, by the PTA.

As per the award of the GoP, the PTCL started paying the Karachi Relief Rebate up to June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payments against the said package.

During the year ended June 30, 2000, the Company filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs.71.276 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs.2,261.924 million. The Court, during the year ended June 30, 2002, on an application filed by the Company, passed an interim order in favor of the Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

The Company contends that the relief rebate allowed to it through the PTA's letter, dated January 20, 1997, is of a continuing nature as no cessation date is mentioned in that letter. The Company further contends that the relief package was approved by the GoP after negotiations between the GoP and the Company.

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

The total amount due to be recovered on account of relief rebate amounts to Rs.698.690 million up to June 30, 2006. On a prudent basis, the Company accrued relief package up to June 30, 2005, aggregating to Rs.651.541 million, after which the practice of accruing the said relief was discontinued. 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 management is confident about the realisation of the said amount together with the amount receivable from the PTCL in respect of wireline and multi-metering of Rs.48.712 million and Rs.18.287 million, respectively, and considers the recovery of these sums to be virtually certain. Accordingly, it has not made any provision against the above referred sums, pending a final decision by the Court in this matter.

(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs.334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Company. In the opinion of the legal advisor of the Company, if it is decided by the Court that the Company is not entitled to the Karachi Relief Rebate and the decision in this case is against the Company, then the Company would have to pay only the above amount on account of Karachi Relief Rebate. If, however, *it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Company to the PTCL but in fact the Company would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above-referred legal advisor, there is likelihood that the Plaintiff will not succeed in its claim in this suit. Accordingly, pending the decision of the Court in this respect, the Company has not made any provision for the aforesaid claim in these financial statements.*

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.

14.3 This represents the amount of interconnect discount which is subject to the determination of the final sum, as stated in note 14.2 (a) above. The Company is confident that it will recover the entire amount of interconnect discount from the PTCL and, hence, no provision has been made thereagainst in these financial statements.

14.4 These represent payments made by the Company to the PTCL against leased lines and upfront connection charges erroneously billed by the PTCL under WPS. The Company claimed the said amounts through an application filed in the High Court of Sindh during the year ended June 30, 2008, for the recovery thereof from the PTCL. The proceedings in this lawsuit were subsequently stayed and the dispute referred for arbitration in the Islamabad High Court, which is currently in progress. The Company is confident that it will recover the entire amount from the PTCL and, hence, no provision has been made thereagainst in these financial statements.

14.5 During the year ended June 30, 2007, the Company paid a sum of Rs.200 million to the PTCL on its demand in order to restore the services blocked by the PTCL. Thereafter, as a result of a settlement agreement between PTCL and the Company, PTCL agreed that after reconciliation of the disputed amounts under LL and LDI, any dues payable to the Company by the PTCL will be paid immediately. As the said reconciliation has not been finalized, the above amount has not been adjusted in these financial statements.

14.6 In March 2007, the PTA issued show cause notices to eight telecom companies, including the Company, in respect of Access Promotion Contribution (APC) for Universal Service Fund (USF) under the AP Rules, 2004 and AP Regulations, 2005. In case of the Company, the amount demanded was Rs.29.473 million. The Company responded to the show cause notice and appeared before the Authority through its Counselor, contending that the AP Rules, 2004 and the AP Regulations, 2005 were ultra vires and were of no legal effect whatsoever. During the year ended June 30, 2008, the PTA issued a final determination, upholding the said show cause notice and demanded the amount therein. 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 Licencees, as a result thereof has filed an appeal in the Supreme Court of Pakistan, which is in the initial stages of hearing.

Further, the PTA demanded on behalf of the USF a sum of Rs.3,848.799 million up to June 30, 2011 (June 30, 2010: Rs.2,239.675 million) in respect of APC for USF on the basis of international termination traffic by the Company up to June 30, 2011, in addition to Rs.29.473 million, aggregating to Rs.3,878.272 million (June 30, 2010: Rs.2,269.148 million), against which the Company paid a sum of Rs.2,111.115 million under protest (June 30, 2010: Rs.2,111.115) million (including forced payments in respect of research and development and RBS), comprising (a) Rs.729.479 million paid by the Company during the year ended June 30, 2010 and (b) a sum of Rs.1,200.000 million paid by the Contractor (note 21) to the PTA on behalf of the Company, during the year ended June 30, 2010 and (c) Rs.181.636 million paid up to June 30, 2009. 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.1,767.157 million (June 30, 2010: Rs.158.033) million in these financial statements as management, based *on the legal opinion received from its legal advisor in this regard, is confident that it will succeed in recovering the above referred sum.*

In addition to, and without prejudice to its claims given above, the Company instituted further proceedings before the Sindh High Court at Karachi against the PTA and others 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, and as a consequence demanding illegal and inflated dues from the Company. The Company has obtained interim injunctions from the Court preventing any adverse actions from PTA. The PTA has yet to file any response in these matters in the Court.

14.7 *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 by the bank. The Company has filed a lawsuit in the Court for the recovery of Rs.0.998 million (2010: Rs.0.998 million) and damages, aggregating to Rs.8.24 (2010: Rs.8.245) million, against the bank. Accordingly, pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.*

14.8 *These represent insurance claims lodged by the Company with the insurance companies in accordance with the insurance policies therewith. The settlement of these is subject to finalization of certain formalities, which the Company is currently pursuing therewith.*

14.9 *This represents amount over billed by the PTCL and paid by the Company in respect of optical fibre lines based on the rates applicable during the relevant billing periods. A claim in respect of the above is pending settlement. However, pending the settlement, as a matter of prudence, the management has made full provision against the above claim.*

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
14.10 Provision for other receivables considered doubtful			
Opening balance		30,397	30,714
Provision written back on account of amount recovered	35	-	(317)
		30,397	30,397
15 TAXATION - net			
Advance income tax		136,809	168,475
Provision for taxation - current	38	(16,516)	(12,069)
		120,293	156,406
16. BANK BALANCES			
Cash at banks:			
In current accounts			
Local currency		6,005	592
Foreign currency		1,348	21,970
		7,353	22,562
In savings accounts			
Local currency	16.1	1,306	1,018
		8,659	23,580

16.1 These carry mark-up at rates, ranging between 1.75% and 3.75% (2010: 3% and 5%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2011	June 30, 2010		Note	June 30, 2011	June 30, 2010
Number of shares				------- (Rupees in '000) -------	
		Ordinary shares of Rs.10 each			
300,000,000	300,000,000	fully paid in cash		3,000,000	3,000,000

17.1 As at the end of the current year 58,991,594 (2010: 58,991,594) Ordinary shares of Rs.10 each, amounting to Rs.589,915,940 (2010: Rs.589,915,940), were held by the related parties of the Company.

18. LONG-TERM LOANS

Secured

	Note	2011	2010
From banks and financial institutions			
Local currency loan – I	18.1	7,000	21,000
Local currency loan – II	18.2	150,000	178,125
Local currency loan – III	18.3	98,500	330,000
Local currency loan – IV	18.4	26,000	70,000
		281,500	599,125
Current maturity of local currency loans shown under current liabilities	29	(79,875)	(97,125)
		201,625	502,000

18.1 This represents a local currency loan obtained by the Company from an investment company for a period of six years, including one year grace period. It is repayable in ten equal half yearly installments, commencing December 01, 2006. The loan carries mark up at the rate of six months KIBOR plus 3.75% (2010: six months KIBOR plus 3.75%) per annum, payable half yearly and is secured against first pari passu charge over the present and future movable assets of the Company to the extent of Rs.94.000 (2010: Rs.94.000) million.

18.2 This represents a local currency loan obtained by the Company from a commercial bank for a period of five years, inclusive of eighteen months grace period. It was repayable in eight semi-annual installments commencing July 24, 2008. However, the loan was restructured during the year ended June 30, 2010 and is now repayable in eight semi-annual installments, commencing January 23, 2010. The loan carries mark-up at the rate of six months KIBOR plus 3.5% (2010: six months KIBOR plus 3.5%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Company to the extent of Rs.467.000 (2010: Rs.467.000) million.

18.3 This represents a local currency loan obtained by the Company from a commercial bank for a period of five years, inclusive of eighteen months grace period. It was repayable in eight semi-annual installments commencing November 23, 2009. The loan was restructured during the year ended June 30, 2010 and is now repayable as a lump sum on May 23, 2014. However, to improve its gearing ratio, the Company repaid an amount of Rs.231.500 million during the current year. The loan carries mark-up at the rate of one year KIBOR plus 2.10% (2010: one year KIBOR plus 2.10%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Company to the extent of Rs.467.000 (2010: Rs.467.000) million.

18.4 During the year ended June 30, 2008, the Company arranged a running finance facility from a commercial bank amounting to Rs.100 million under an agreement dated March 31, 2008. During the year ended June 30, 2010, the said running financing facility was restructured as a medium term finance facility. It is now repayable in eighteen monthly installments, commencing July 1, 2010. The loan carries mark-up at the rate of one month KIBOR plus 2.00% (2010: one month KIBOR plus 2.00%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Company to the extent of Rs.116.670 (2010: Rs.116.670) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
19. REDEEMABLE CAPITAL			
Secured			
Term Finance Certificates	19.1	882,000	987,840
Current maturity shown under current liabilities, including an overdue installment of Rs.105.840 million	29	(405,840)	(211,680)
		476,160	776,160

19.1 This represents listed Term Finance Certificates (TFCs) issued by the Company to various financial institutions, trusts and general public for the purposes of acquiring radio spectrum frequencies from the PTA and expanding / upgrading new WLL network.

These were redeemable in ten unequal semi-annual installments, commencing November 2005 with a semi-annual payment of mark-up at a rate of six months KIBOR plus 3.75% (2010: six months KIBOR plus 3.75%) per annum. However, during the year ended June 30, 2010, the redemption schedule of the TFCs relating to the redemption, falling due on November 27, 2009 and all redemptions scheduled thereafter, was restructured after the approval obtained by the Company from the TFC holders upon its request as a result of which the last redemption date was extended to 27 November 2013, instead of the original final redemption date of November 27, 2010. However, the most recent redemption, due on May 27, 2011, has not been redeemed by the Company. In this regard, the Company is currently negotiating with the TFC holders to delay the repayment and/or restructure the redemption schedule and is hopeful that it would succeed in its efforts to restructure the same without any financial consequences or delay penalties. For this reason, the liquidated damages, amounting to Rs.21.168 million, as at the end of the current year have not been accrued in these financial statements.

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.000 (2010: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

20. ADVANCE FROM A SUBSIDIARY COMPANY

	Note	June 30, 2011	June 30, 2010
Unsecured			
Advance received from Supernet Limited	20.1	256,700	-
Taken to income during the current year upon rendering of services	31	(96,776)	-
		159,924	-
Current maturity, representing the fixed fee, shown under current liabilities	29	(12,000)	-
		147,924	-

20.1 This represents advance received in respect of a non-exclusive right for certain infrastructure services to be provided by the Company to Supernet Limited for the period, commencing October 2009 to October 2012, as a result of an agreement signed between the Company and Supernet Limited during the current year. According to the agreement, the Company will provide these services for a period of three years at a fixed rate as follows: first nine months – no charge, following twelve months @ Rs.1.750 million per month, remaining fifteen months @ Rs.1.000 million per month. Further, the Company will receive an annual variable fee @ 8% of data networking revenue of Supernet Limited, if the same exceeds Rs.500.000 million in a year. Accordingly, revenue for the current year includes a sum of Rs.21.000 million representing the fixed fee and a sum of Rs.75.776 million as variable fee for the year ended June 30, 2011. Based on historical results, the Company expects that the said advance will be adjusted over the remaining term of the agreement.

The advance carries mark-up at the rate of one month KIBOR plus 4.5% per annum.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
21. ADVANCE FROM A CONTRACTOR			
Unsecured			
Advance from a Contractor	21.1	467,121	525,517
21.1 Opening balance		525,517	553,738
Taken to income upon rendering of service as per the Network Agreement cancelled and superseded on April 26, 2010	31	-	(230,724)
Taken to income during the current year upon rendering of services	31	(58,396)	-
Unamortised balance		467,121	323,014
Applied against sale consideration of 3.5Ghz WLL Licences pursuant to Amended and Restated Network Agreement		-	(323,014)
		467,121	-
Advance received during the year		-	605,810
Trade debts applied there against		-	(80,293)
		467,121	525,517

21.1.1 During the year ended June 30, 2010, that is, on April 30, 2010, the Company sold the licenses for the 3.5 GHz frequencies to a Subsidiary Company of the Contractor, for a consideration of Rs.1,580.084 million, after obtaining necessary approval from the PTA. This sale was made in accordance with the terms of an 'Amended and Restated Network Agreement' (the Agreement) signed on April 26, 2010 between theCompany, Contractor and its Subsidiary Company, covering (a) the sale of licenses and (b) provision of services to the Contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million, equivalent to US$12.5 million, to be issued by the Company.

The Agreement, as referred to above, superseded the earlier Network Agreement the Company signed with the Contractor during the year ended June 30, 2008 under which the Company received a sum of Rs.830.608 million for services rendered to the Contractor for a period of three years, commencing July 1, 2008 to June 30, 2011. During the term of the said agreement, up to the date of the supersession, the Company had recognised income, aggregating to Rs.507.594 million, leaving an unamortised balance of Rs.323.014 million.

Against the sale consideration of Rs.1,580.084, the Contractor paid (i) a sum of Rs.662.880 million to the Company and (ii) a sum of Rs.594.190 million directly to the PTA on behalf of the Company against the amounts due thereto by the Company in respect of various charges to fulfill a precondition for the execution and transfer of the title of the licenses in the name of the Subsidiary of the Contractor, which the Company has recorded as payment made under protest in note 14.6 under "Other Receivables". Further, as the balance of Rs.323.014 million of unamortised advance from the Contractor was not refundable thereto as a result of the supersession of the earlier agreement therewith, the Company applied the same against the above referred sale consideration in accordance with the Amended and Restated Network Agreement.

On the other hand, against the provision of infrastructure services of Rs.1,051.250 million to the Contractor for future services, as referred to in (b) above, the Contractor paid a sum of Rs.605.810 million directly to the PTA on behalf of the Company for the same reasons, as explained above, which has also been recorded by the Company as payment made under protest in note 14.6 under Other Receivables, aggregating to Rs.1,200.000 million. Additionally, the Contractor is committed to issue shares to the Company for a value of Rs.445.440 million which will be recorded by the Company as and when these are issued by the Contractor. The shares in question have not been issued to-date. The above referred consideration of Rs.1,051.250 million in respect of provision of services had been adjusted by the Company against a sum of Rs.80.293 million, representing amounts due from the Contractor in respect of services rendered thereto, pursuant to the Amended and Restated Network Agreement, discussed above.

Although the Amended and Restated Network Agreement does not specify the period in which such infrastructure services are to be provided by the Company to the Contractor, the Company estimates that based on the current usage level, the value of the Credit Note will be exhausted during the balance life of its WLL Licenses, i.e. approximately fourteen years. Since the Credit Note in question has not been finalised to-date, as related shares have not been issued, it is not possible at present to calculate the amount to be taken into income during the next twelve months and, accordingly, no amounts have been transferred to current liabilities at the end of the current year.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
22. LONG-TERM DEPOSITS			
Security deposits			
Distributors		7,905	9,346
Indoor Call Point holders		31,479	32,957
Others		20,340	18,809
		59,724	61,112

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
23. DEFERRED LIABILITIES			
Staff gratuity	23.1	7,530	8,595
Deferred taxation	23.2	190,068	171,358
Spectrum Fee payable	23.3	1,585,500	1,585,500
		1,783,098	1,765,453
23.1 Staff gratuity			
23.1.1 Reconciliation of obligations as at year end			
Present value of defined benefit obligation		7,530	8,595
23.1.2 Movement in liability			
Net liability at beginning of the year		8,595	23,283
Charge / (reversal of charge) for the year		1,556	(11,746)
Benefits paid during the year		(2,621)	(2,942)
		7,530	8,595
23.1.3 Charge / (reversal of charge) for the year			
Current service cost		525	473
Interest cost		1,031	2,794
Reversal of past service cost		-	(13,675)
Actuarial gains recognised during the year		-	(1,338)
		1,556	(11,746)
23.1.4 Movement in defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		8,595	23,283
Current service cost		525	473
Interest cost		1,031	2,794
Reversal of past service cost		-	(13,675)
Benefits paid during the year		(2,621)	(2,942)
Actuarial gains on present value of defined benefit obligation		-	(1,338)
		7,530	8,595

23.1.5 Principal actuarial assumptions

The latest valuation was carried out as at June 30, 2010, using Projected Unit Credit Method. Following assumptions have been used for valuation of the scheme:

	June 30, 2011	June 30, 2010
Expected rate of increase in salaries, per annum	11%	11%
Expected discount rate, per annum	12%	12%

23.1.6 Comparison for five years

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined benefit obligation	7,530	8,595	23,283	21,344	57,034

	Note	June 30, 2011	June 30, 2010
		(Rupees in '000)	
23.2 Deferred taxation			
Deferred tax credits arising from:			
Accelerated tax depreciation		217,322	309,332
Amortisation of intangible assets		254,537	195,332
Leases		11,432	12,707
		483,291	517,371
Deferred tax debits arising from:			
Retirement benefits		(5,702)	(13,967)
Short-term provisions		(92,637)	(85,437)
Tax losses brought forward		(194,884)	(246,609)
		(293,223)	(346,013)
		190,068	171,358
23.3 Spectrum Fee payable			
Balance at the beginning of the year	23.3.1	1,585,500	1,428,378
Imputed interest charged to profit and loss account	37	-	157,122
		1,585,500	1,585,500

23.3.1 This represents the balance of Initial Spectrum Fees (balance fees) in respect of the license and related frequencies acquired by the Company, as referred to in note 6. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology, to grant a moratorium for payment of the balance fees followed by a staggered payment schedule over 10 years. The PTA, pursuant to the approval of the Economic Coordination Committee (ECC), confirmed granting of the moratorium of 4 years, expiring during March 2010, to the WLL industry, including the Company, for the payment of balance of the spectrum fees, while other payment modalities were to be finalized. Since then, WLL Operators have been requesting the authorities for a confirmation of staggering of the balance fees over 10 years. On March 10, 2010, the Company received a letter from the PTA approving the staggering of balance of initial spectrum fees in ten equal instalments, commencing the year 2009. However, few days later, the PTA withdrew the said letter regarding it as being issued inadvertently, and instead, issued a show cause notice to the Company on June 02, 2010, seeking explanation for the non-payment of the balance of initial spectrum fee, with an immediate demand for the payment of the said amount. The Company thereafter submitted a detailed response against the show cause notice to the PTA, raising several legal and factual grounds but the PTA, without appreciating those facts, issued a final determination order dated, May 11, 2011 demanding the payment of this fee along with late payment charges.

The Company instituted an appeal against the above said Order in the Islamabad High Court seeking to set it aside on the basis that the same was issued in undue haste and without affording the Company an opportunity of hearing. The Court was pleased to grant an injunction against PTA through its order, dated June 13, 2011. Further, a Civil Suit has also been filed jointly by the Company, DVCOM Data (Private) Limited and Great Bear International Services (Private) Limited in the High Court of Islamabad seeking a declaration as to the continuation of the moratorium on the payment of this balance of Initial Spectrum Fees, which is currently pending adjudication.

Subsequent to the end of the current year, the Ministry of Information Technology and Telecommunication, vide its letter dated August 30, 2011, has accepted the long outstanding request of the WLL industry and has instructed the PTA to collect the balance fees in installments, the details of which are yet to be finalized. In view of the legal advisor of the Company, this implies that the PTA will have to permit the Licensees (including the Company) to start paying the balance Initial Spectrum Fee in installments, the first of which cannot be demanded before August 2014, as the Initial Spectrum Fee has already been paid until that time.

The legal advisor of the Company has opined that there is more than an even chance of success in the current lawsuit and that the PTA can no longer make demands for balance of Initial Spectrum Fee till at least August 2014 as the same would be completely contradictory to the said letter issued by the Ministry of Information Technology. Accordingly, for this reason, the management has classified the said liability as non-current.

The spectrum fee had been discounted to present value of future cash flows, using an effective interest rate of 11% per annum, until the year ended June 30, 2010.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
24. DUE TO EMPLOYEES			
Amount due to employees in respect of bonus	24.1	8,762	31,311
Current portion shown under current liabilities	29	(8,762)	(9,814)
		-	21,497

24.1 This represents the outstanding balance of gratuity payable to the employees under "Non-Workmen Category" as a result of the introduction of a loyalty drawing program by the Company during the year ended June 30, 2008. According to the program, the Company froze the balance on account of gratuity accumulated up to March 31, 2008 in respect of such employees and transferred the balance, amounting to Rs.65.745 million, from staff gratuity to due to employees as at that date. The balance is payable to employees in 48 equal monthly installments. If for any reason, the employment ceases at any time prior to 48 months, the amount of un-drawn installments shall stand forfeited, and taken to income.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
25. TRADE AND OTHER PAYABLES			
Trade			
Pakistan Telecommunication Company Limited			
Wireless Payphone Service (WPS)	25.1	609,708	609,708
LL & LDI charges		48,059	53,481
Others		1,591	5,608
		659,358	668,797
ZTE Corporation Limited		31,486	35,576
Alcatel Lucent Pakistan Limited	36.1	-	513,600
Others		196,838	189,160
		887,682	1,407,133
Other payables			
Due to related parties	25.2	19,288	39,197
Pakistan Telecommunication Authority		41,989	37,703
Advances from customers		11,964	15,436
Unearned income from wireless payphone cards		78,864	86,287
Accrued liabilities		36,069	38,280
Unclaimed dividend		6,216	6,216
Sales tax – net		58,083	58,604
Income tax deducted at source		150,735	127,940
Workers' Welfare Fund		2,282	46,238
Zakat payable		1,570	-
		407,060	455,901
		1,294,742	1,863,034

25.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs.968.000 (2010: Rs.968.000) million on account of air time charges, line rent and access charges and Rs.276.000 (2010: Rs.276.000) million in respect of leased line charges from the Company. Further, the PTCL raised bills for Rs.50.912 and Rs.102.080 million for the years ended June 30, 2009, and June 30, 2010 respectively, for WPS charges. Hence, total amount claimed by the PTCL as at June 30, 2011 amounted to Rs.1,396.992 (2010: Rs.1,396.992) million. However, the management, while acknowledging the liability to the extent of Rs.609.708 (2010: Rs.609.708) million does not accept liability for the remaining sum of Rs.787.284 (2010: Rs.787.284) million and has not recorded the same in these financial statements. In this respect, the Company, during the year ended June 30, 2007, paid a sum of Rs.100.000 million to the PTCL under protest to ensure uninterrupted WPS. Further, the Company also paid a sum of Rs.189.725 million under protest during the year ended June 30, 2009, including Rs.170.000 million discussed in detail in the following paragraph, and recorded the above amounts, aggregating to Rs.289.725 (2010: Rs.289.725) million, as due from the PTCL under other receivables (note 14) and has not adjusted the same in these financial statements, pending the final resolution of the arbitration proceedings.

During the year ended June 30, 2008, a notice was served by the PTCL to the Company, stating that unless the above referred sum was paid, the PTCL would suspend the WPS service to the Company. The Company approached the Court in this matter, praying the declaration of the above referred notice as unlawful, and seeking at the same time, a permanent injunction, restraining the PTCL from suspending the said service. The Court issued an Order, dated February 26, 2008 and instructed PTCL not to suspend the WPS service provided the Company to continued to pay Rs.17.000 million per month to the PTCL irrespective of the amount invoiced by the PTCL, with the said amount subject to final determination upon completion of the arbitration process, which is currently under progress. Based on said Order, the Company has paid a sum of Rs.170.000 million to PTCL for the period commencing May 2008 to February 2009. Thereafter, the Company stopped paying the said amount to the PTCL, as services under the WPS Agreement were no longer required.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
25.2 Related parties			
World Trade Center (Private) Limited		12,345	25,193
Envicon (Private) Limited		52	52
Arfeen International (Private) Limited		-	8,822
Total Telecom Limited		402	402
Supernet Limited		2,342	-
Instaphone (Private) Limited		-	1,301
Chaman Investment (Private) Limited		4,147	3,427
		19,288	39,197

25.2.1 These represent balances due to related parties in respect of services received therefrom. These carry mark-up at the rate of six months KIBOR plus 3.5% (2010: six months KIBOR plus 3.5%) per annum.

26. ACCRUED / INTEREST MARK-UP

	Note	June 30, 2011	June 30, 2010
On secured:			
Long-term loans	18	24,030	18,888
Redeemable capital	19	65,511	15,184
Short-term loan obtained and repaid during the year		-	3,128
Short-term running finances	27	12,505	8,830
		102,046	46,030
On unsecured:			
Short-term borrowing – related party	28	-	8,228
Advance from a Subsidiary Company	20.1	11,629	-
Current accounts with related parties	25.2.1	144	19,759
		113,819	74,017

27. SHORT-TERM RUNNING FINANCES

	Note	June 30, 2011	June 30, 2010
From banks – secured	27.1	292,735	269,771

27.1 The Company has arranged short-term running finance facilities, aggregating to Rs.300.000(2010: Rs. 300.000) million, from various commercial banks. These carry mark-up, ranging between three months months KIBOR plus 2.75% to six months KIBOR plus 3% (2010: three months KIBOR plus 2.75% to six months KIBOR plus 3%) per annum, payable quarterly. The purchase prices are repayable in various dates, latest by February 28, 2012. These facilities are secured against first pari passu hypothecation charge over current assets of the Company to the extent of Rs.394.000 (2010: Rs.394.000) million, as well as ranking charge over fixed assets of the Company to the extent of Rs.400.000 million (2010: Nil).

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
28. SHORT-TERM BORROWING			
Unsecured			
Loan from a related party			
Arfeen International (Private) Limited	28.1	-	17,000

28.1 The loan from the above referred related party carried markup at the rate of 15% (2010: 15%) per annum, and has been fully repaid during the current year.

29. CURRENT MATURITIES OF LONG-TERM LIABILITIES

	Note	June 30, 2011	June 30, 2010
Long-term loans	18	79,875	97,125
Redeemable capital (TFCs)	19	405,840	211,680
Advance from a Subsidiary Company	20	12,000	-
Liabilities against assets subject to finance lease		13,309	14,949
Due to employees	24	8,762	9,814
		519,786	333,568

30. CONTINGENCIES

30.1 The Company has filed an appeal under section 7(1) of the Pakistan Telecommunication (Re-organisation) Act, 1996 before the Islamabad High Court against the decision / determination of the PTA dated, November 18, 2008, whereby it directed the Company to pay Rs.137.651 million by December 15, 2008 in respect of annual regulatory dues for various years, commencing June 30, 2006. The above sum includes annual license fee, research and development fund contribution, annual radio spectrum frequency fee and radio base station charges along with late payment charges. The Islamabad High Court, vide its Order dated, March 19, 2009, suspended the aforesaid impugned Order of the PTA subject to the payment of Rs.36.000 million by the Company (which is the Company's admitted liability owed to the PTA excluding late payment charges). The Company paid that amount within the due date.

During the year, the Court dismissed the appeal as having become infructous on the basis of an incorrect statement by PTA's counsel that the Company has paid the amount and, therefore, the matter has been resolved. The Company filed an application under section 12(2) CPC praying that the subject amounts have not been paid and consequently the dispute still needs adjudication. The Court restored the Stay Order initially granted to the Company.

The above appeal will be fixed for final arguments by the above referred Court. In the meantime, the Order remains suspended. Subject to the final determination of the above by the said Court, no provision for the remaining balance of Rs.101.651 million has been made in these financial statements.

30.2 During the year ended June 30, 2009, the PTA issued a show cause notice to the Company, alleging that the Company has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 in respect of reporting requirements and certain discrepancies in the data provided to the PTA under the said rules / regulations. The Company has taken strong exceptions to the allegations being unfounded and made in undue haste without affording the Company an opportunity to explain its position which could have avoided the need for issuance of a show cause notice to start with. In particular, the Company has stated that complete data was provided to the PTA and the PTA had no occasion to allege violation of the requirements of the rules / regulations. This was stated without prejudice to the Company's stance before the Supreme Court of Pakistan regarding the vary vires of the AP Rules, 2004 and AP Regulations, 2005 under which the aforementioned show cause notice has been issued to the Company.

Thereafter, during the current year, the PTA issued a Determination dated October 31, 2010, in respect of the above matter, 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 which is currently pending before the Islamabad High Court interalia praying that the opportunity of being heard be afforded to the Company and the amount determined in the said Determination be corrected in view of the Company's application.

In view of the Company's legal advisor, at this juncture, amount of penalties, if any, imposed by the PTA on above referred irregularities cannot be ascertained, hence, no provision has been made by the Company for any liability that may arise as a result of this matter in these financial statements.

30.3 The Company filed a law suit against the Karachi Building Control Authority (KBCA) before the High Court of Sindh (the Court), for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The KBCA has instructed all cellular phone companies to regularise their antenna which involves obtaining an NOC from the KBCA, and a Stability Certificate within 15 days from the date of that notice, failing which the defendant has threatened to dismantle the antennas and / or take legal action. The Court has granted interim injunction and matter is pending for hearing of application. In view of the Company's legal advisor, it is not possible at this juncture to assess and estimate the financial impact of the case in question, however, the Company has a good arguable case and is likely to succeed and as such is not likely to suffer any loss on account of this litigation. Hence, no provision for any liability that may arise as a result of this matter has been recorded by the Company in these financial statements.

30.4 A suit has been filed by a shareholder of the Company in Islamabad High Court for the recovery of Rs.4.922 million along with mark up at the rate of 2% per annum above prevailing bank rate. It is claimed in the suit that the plaintiff suffered a loss while trading in the Company's shares in the capital market and requested for compensation. The Company, based on the assessment of its legal advisor, is confident that the outcome of the case will be in its favor and, hence, no liability in this respect will arise. Accordingly, no provision has been made for the same in these financial statements pending a final decision in this matter.

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

The income tax return filed by the Company for the tax year 2003 was subjected to tax audit. An Order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, whereby income has been assessed at Rs.56.923 million against the reported tax loss of Rs.5,945 million. The Company has filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which has decided the case against the Company, after admitting an adjustment of tax refundable, amounting to Rs.4.529 million, against tax demand of Rs.19.358 million, thus creating a final tax demand of Rs.14.789 million. The Company has filed an appeal in the Court, which has not been heard to-date.

The aggregate financial impact of the above matters on the tax provision made by the Company in the financial statements works out to be Rs.74.601 (2010: Rs.85.032) million. However, the management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and, hence, no additional provision has been considered necessary in these financial statements.

30.6 PTCL's claim, amounting to Rs.1,556.000 (2010: Rs.1,541.620) 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. Hence, no provision has been made against the same in these financial statements.

30.7 During the year ended June 30, 2010, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs.54.548 million. The Company has challenged the determination in the High Court of Sindh, mainly on the ground that the PTA can only claim Annual Regulatory Dues on the licensed services and not on the non-licensed revenue streams. In view of the Company's legal advisor, the Company has a good arguable case on merits and is likely to succeed. Accordingly, as the case is pending adjudication, no provision has been made for the same in these financial statements pending a final decision.

30.8 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 14.2, 14.3, 14.4, 14.5, 14.6 and 25.1 to the financial statements. Pending resolutions of these matters no provision has been made against the amounts disclosed in these notes.

30.9 Contingency in respect of the PTA claim for APC for USF is disclosed in note 14.6 to the financial statements against which no provision has been made in these financial statements in accordance with the advice of the legal advisor.

30.10 Contingency relating to accrued mark-up is disclosed in note 13.1 to the financial statements against which no provision has been made for the reason disclosed in the said note.

30.11 Counter guarantees given to banks amounted to Rs.180.000 (2010: Rs.214.500) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
31. REVENUE – net			
Turnover		1,515,314	2,247,192
Trade discounts		(18,869)	(33,414)
		1,496,445	2,213,778
Services rendered to the Contractor under the Network Agreement	21.1	58,396	230,724
Interoperator infrastructure services	20	96,776	-
		1,651,617	2,444,502

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
32. DIRECT COSTS			
Interconnect charges – net		473,129	587,963
Network media charges		91,759	90,620
Network sites rent		160,016	140,718
Network sites utilities and maintenance		95,961	95,948
Insurance		9,295	7,908
Annual Regulatory charges		27,945	37,575
Cost of cards sold	32.1	1,479	1,996
Depreciation	5.1.5	439,572	624,213
Amortisation	6	181,517	187,908
		1,480,673	1,774,849
32.1 Cost of cards sold			
Opening stock		8,836	8,857
Purchases		(6,495)	1,975
		2,341	10,832
Closing stock		(862)	(8,836)
		1,479	1,996
33. ADMINISTRATIVE AND SELLING EXPENSES			
Salaries and other benefits	33.1	196,795	170,462
Postage, telephone and telex		3,702	4,219
Vehicles running and maintenance		23,992	21,990
Travelling and entertainment		6,298	8,500
Office security and maintenance		10,050	8,080
Stationery		6,040	4,805
Rent		47,018	69,149
Utilities		28,521	28,452
Insurance		5,615	5,669
Legal and professional charges		8,250	21,417
Auditors' remuneration	33.2	4,251	4,458
Donations	33.3	1,057	1,000
Sales promotion and marketing		17,270	15,442
Fee and subscription		1,600	2,124
Depreciation	5.1.5	9,273	13,730
Stock written off		8,184	-
Provision for debts considered doubtful	10.1	2,860	96,090
Provision for advances considered doubtful	11.4	6,002	-
Provision for penalties		4,662	14,426
Others		688	1,116
		392,128	491,129

33.1 This includes Rs.1.556 million in respect of gratuity expense for the year [(2010: Rs.11.746 million) reversal of gratuity expense] and Rs.3.493 (2010: Rs.3.371) million in respect of the Company's contribution towards provident fund.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
33.2 Auditors' remuneration			
Fee for the audit of annual financial statements		2,000	1,850
Fee for the audit of consolidated financial statements		350	350
Fee for the review of half yearly financial statements and other certifications		980	1,025
Tax services		631	850
Out-of-pocket expenses		290	383
		4,251	4,458

33.3 Donations do not include any donee in whom any director or his spouse has any interest.

34. OTHER OPERATING EXPENSES

	Note	June 30, 2011	June 30, 2010
Exchange loss – net		1,016	22,929
Workers' Welfare Fund		2,282	35,919
		3,298	58,848

35. OTHER OPERATING INCOME

	Note	June 30, 2011	June 30, 2010
Mark-up on loan to Supernet Limited, a wholly owned Subsidiary Company	11.1	1,678	24,832
Mark-up on current accounts with related parties		2,538	4,768
Return on bank deposits and term deposit receipt		162	1,012
Gain on sale of fixed assets		-	1,425
Professional Services to a related party	35.1	54,000	-
Dividend income from a Subsidiary Company		8,388	-
Provision against other receivables considered doubtful written back	14.10	-	317
Spectrum maintenance fee		-	11,909
Scrap sales		3,358	
Others		169	494
		70,293	44,757

35.1 This represents accounting and human resource services rendered by the Company to its related party, Instaphone (Private) Limited, in accordance with an agreement the Company signed therewith during the current year.

36. LIABILITIES NO LONGER PAYABLE WRITTEN BACK

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
Alcatel Lucent Pakistan Limited (trade creditor)	25 & 36.1	516,000	-
Workers' Welfare Fund	36.2	19,405	-
Due to employees	24 & 36.3	11,346	-
Other dues to PTA		1,956	79,706
Other trade creditors		-	8,221
		548,707	87,927

36.1 The Company entered into a supply contract with Lucent Technologies International Sale (LTIS) in 2004 for the supply of a CDMA technology based WLL telecommunication system to replace its network in certain markets. The parties reached an understanding that the Company will purchase US$8.8 million worth of equipment and services in cash on the condition that LTIS will provide an additional US$6 million worth of equipment and services on financing. Repayment under the financing was conditional upon generation of additional revenues by the Company in the markets in which the network was installed. LTIS also indicated the availability of additional financing for further expansion phases. The network equipment was deployed in 2005 and a liability of Rs.364.000 million was recorded in the books. The current value of this liability on the current exchange rate is Rs.516.000 million.

Subsequently, due to a number of reasons, including the decline in call prices and reduction in demand for payphone services, the Company was not able to increase its revenues from the relevant markets over and above the agreed threshold. At the request of LTIS, the parties explored alternatives but none of these were successfully implemented. Meanwhile, LTIS was acquired by Alcatel of France to form Alcatel-Lucent (ALU).

As Alcatel was an established supplier of GSM networks in Pakistan, the merged entity ALU is less focused on growing the CDMA networks business as compared to LTIS and this has hindered any further business between the Company and ALU.

In the light of the above, the management does not consider the US$6.0 million financing as repayable to ALU any longer, and believes continuing to carry this as a liability in its books will not provide a true and fair picture of its business. The management has, therefore, written back this liability in these financial statements.

36.2 This represents write back of excess provision charged by the Company during the years ended June 30, 2009 and June 30, 2010.

36.3 This represents the amount of un-drawn installments which were forfeited and taken to income during the current year on account of cessation of employment of certain employees (note 24.1).

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

37. FINANCE COSTS

	Note	June 30, 2011	June 30, 2010
Interest / mark-up on:			
Long-term loans		78,955	106,079
Redeemable capital		153,694	183,487
Finance lease arrangements		257	1,444
Short-term borrowing		-	4,274
Short-term running finances		35,788	52,648
		268,694	347,932
Current accounts with related parties		11,773	19,759
Imputed interest on Spectrum Fee	23.3	-	157,122
Bank charges		3,692	5,636
		284,159	530,449

38. TAXATION

	Note	June 30, 2011	June 30, 2010
Current	15 & 38.2	16,516	12,069
Deferred		18,710	490,138
Flood relief surcharge		723	-
		35,949	502,207

38.1 The income tax assessments of the Company have been finalised up to and including the tax year 2010, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 30.5).

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

39. EARNINGS PER SHARE – basic and diluted

	June 30, 2011	June 30, 2010
Profit after tax for the year	74,410	698,462
	Number of shares	
Weighted average number of shares	300,000,000	300,000,000
	------- (Rupees) -------	
Basic earnings per share	0.25	2.33

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

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
40. CASH GENERATED FROM / (UTILISED IN) OPERATIONS			
Profit before taxation		110,359	1,200,669
Adjustments for non-cash charges and other items:			
Depreciation		448,845	637,943
Amortisation		181,517	187,908
Provision for gratuity		1,556	(11,746)
Finance costs		284,160	373,327
Interest on PTA license fee		-	157,122
Dividend income		(8,388)	-
Provision for debts considered doubtful		2,860	96,090
Provision for advances considered doubtful		6,002	-
Provision against other receivables considered doubtful written back		-	(317)
(Profit) / loss on sale of fixed assets		-	(1,425)
Profit on sale of intangible asset		-	(1,478,758)
		916,552	(39,856)
Profit before working capital changes		1,026,911	1,160,813
(Increase) / decrease in current assets			
Stock-in-trade		7,974	21
Trade debts		97,835	46,171
Loans and advances		55,231	(33,175)
Deposits and prepayment		6,752	2,272
Accrued mark-up		16,766	-
Other receivables		(47,401)	(1,885,698)
		137,157	(1,870,409)
Decrease in trade and other payables		(568,292)	(133,024)
Cash (used in) / generated from operations		595,776	(842,620)

41. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2011			2010		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	(Rs. in '000)			(Rs. in '000)		
Managerial remuneration	5,806	5,806	36,905	5,161	5,806	32,962
Other perquisites and benefits:						
House rent	2,613	2,613	16,607	2,322	2,613	14,833
Medical	35	-	590	-	-	484
Retirement benefits	-	-	1,103	188	-	1,591
Utilities	581	581	3,691	516	581	3,296
	3,229	3,194	21,991	3,026	3,194	20,204
	9,035	9,000	58,896	8,187	9,000	53,166
Number of persons	1	1	35	1	1	32

41.1 The Chief Executive Officer and a Director of the Company are also provided with the free use of the Company maintained car and other benefits in accordance with their terms of service.

42. 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.

42.1 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.

42.1.1 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, 2010, the Company is exposed to such risk mainly in respect of long-term and short-term borrowings 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 Term Deposit Receipts.

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.12.130 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.

42.1.2 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 Company's exposure to foreign currency risk is as follows:

	June 30, 2011 US$	June 30, 2010 US$
Trade debts	904,642	2,096,323
Bank balances	15,703	257,254
Trade and other payables	(401,925)	(6,591,724)
	518,420	(4,238,147)
The following significant exchange rates have been applied at the reporting dates:		
Exchange rate (Rupees)	85.85	85.6

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, 2011	+10	4,451	4,451
	-10	(4,451)	(4,451)
June 30, 2010	+10	(36,279)	(36,279)
	-10	36,279	36,279

42.1.3 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, 2011 the Company is not exposed to equity price risk.

42.2 Credit risk

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

	June 30, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Trade debts	123,543	224,238
Bank balances	8,659	23,580
	132,202	247,818

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:

Trade debts		
Customers with no defaults in the past one year	123,543	224,238
Bank balances		
A1+	1,789	504
A1	6,612	97
A2	176	-
A-2	62	-
A-1+	20	-
A3	-	22,979
	8,659	23,580

42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to follow effective cash management and planning policy to ensure the availability of funds through committed credit facilities. At the balance sheet date, the Company has unavailed credit facility of Rs.7.260 (2010: Rs.30.229) million. 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	-	79,875	201,625	-	281,500
Redeemable capital	-	405,840	476,160	-	882,000
Long-term deposits	-	-	59,724	-	59,724
Spectrum Fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	247,828	1,046,914	-	-	1,294,742
Accrued mark-up	113,819	-	-	-	113,819
Short-term running finances	-	292,735	-	-	292,735
June 30, 2011	361,647	1,825,364	2,323,009	-	4,510,020
Long-term loans	-	97,125	502,000	-	599,125
Redeemable capital	-	211,680	776,160	-	987,840
Liabilities against assets subject to finance leases	-	1,640	-	-	1,640
Long-term deposits	-	-	61,112	-	61,112
Spectrum Fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	1,863,034	-	-	1,863,034
Accrued mark-up	74,017	-	-	-	74,017
Short-term running finances	-	269,771	-	-	269,771
Short-term borrowing	17,000	-	-	-	17,000
June 30, 2010	91,017	2,443,250	2,924,772	-	5,459,039

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

42.4 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.

42.5 Capital management

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

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

	June 30, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Long-term loans	281,500	599,125
Redeemable capital	882,000	987,840
Obligation under finance leases	-	1,640
Spectrum Fee payable	1,585,500	1,585,500
Debt	2,749,000	3,174,105
Issued, subscribed and paid-up capital	3,000,000	3,000,000
Unappropriated profit	445,398	400,988
Total capital	3,445,398	3,400,988
Capital and debt	6,194,398	6,575,093
Gearing ratio	44.4%	48.3%

43. TRANSACTIONS WITH RELATED PARTIES

The related parties include a Subsidiary Company, 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:

	2011	2010
Wholly Owned Subsidiary Companies		
Supernet Limited		
Services rendered	105,459	9,833
Services received	11,583	24,735
Loan provided during the year	-	124,318
Repayment of short term loan	55,224	69,093
Markup charged during the year	1,678	24,832
Advance received by the company	256,700	-
Dividend received	8,388	-
Markup charged by the company	11,629	-
Telecard E-Solutions (Private) Limited		
Payments made on behalf of the Company	123	-
Entities having directors in common with the Company		
Pakcom Limited		
Services rendered	-	916
Services received	-	58,917
Mark-up charged during the year	2,039	4,550

	June 30, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Arfeen International (Private) Limited		
Payments made by the Company	1,296	377
Payment made on behalf of the company	403	-
Repayment of long-term loan	17,000	53,100
Markup paid during the year	8,228	-
Rent charged during the year	5,520	5,520
Loan obtained during the year	-	34,600
Markup charged during the year	144	-
Total Telecom Limited		
Payments made on behalf of the Company	-	1,508
Markup charged during the year	-	11,556
Payment of mark-up made during the year	-	44,807
Chaman Investment (Private) Limited		
Services rendered	720	864
World Trade Center (Private) Limited		
Services rendered	-	395
Service received	61,077	58,084
Markup on current account	-	19,759
Envicrete Limited		
Payment made on behalf of the Company	203	131
Grand Leisure Corporation (Private) Limited		
Payment made on behalf of the Company	-	23
Provident Fund		
Contribution during the year	3,493	3,371
Instaphone Infrastructure (Private) Limited		
Payment made by the Company	38,232	11,809
Services rendered	54,000	12,913
Services received	78,015	-
Markup charged during the year	183	-
Instaphone (Private) Limited		
Payment made by the Company	8,024	958
Services rendered	-	15,253
Mark-up charged during the year	498	99

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

44. CORRESPONDING FIGURES

The following major corresponding figures have been reclassified for the purposes of better presentation:

From	To	(Rupees in '000)
Other income	Revenue	35,409
Deferred taxation	Deferred liabilities	171,358
Due to PTA (Spectrum Fee payable)	Deferred liabilities	1,585,500

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 22 October, 2011 by the Board of Directors of the Company.

46. GENERAL

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

Chief Executive

Director

ERNST & YOUNG

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Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Telecard Limited (the Company) and its Subsidiary Companies (together referred to as Group) as at 30 June 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement 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 Company and one of its Subsidiary Company, Supernet Limited. The financial statements of Telecard Asia (UK) Limited and Telecard E-Solutions (Private) Limited were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors .

These consolidated financial statements are the responsibility of the Group'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 Telecard Limited and its Subsidiary Company as at 30 June 2011 and the results of their operations for the year then ended.

We draw attention to the contents of:

i) *notes 15.2(a) and 15.3 to the accompanying financial statements in respect of the lawsuit filed by the Group during the year ended 30 June 2000 in the High Court of Sindh (the Court) with regard to the recovery of Karachi Relief Rebate, interconnect discount and other related amounts from Pakistan Telecommunication Company Limited (PTCL). On an application filed by the Group, the Court passed an interim order in favour of the Group and appointed a firm of Chartered Accountants to determine the actual amount due from the PTCL in this regard. The said firm submitted its report to the Court during the year ended 30 June 2002, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001. Accordingly, pending a final decision by the Court in this matter, no provision has been made in the accompanying financial statements for any amount that may not be recoverable;*

ii) *note 15.2(b) to the accompanying financial statements with regard to a lawsuit filed by the PTCL against the Group during the year ended 30 June 2002. Pending a decision of the Court in this respect, the Group has not made any provision in the accompanying financial statements for the amount claimed by the PTCL;*

iii) *note 15.6 to the accompanying financial statements in respect of the Pakistan Telecommunication Authority's (PTA) claim for Access Promotion Contribution for Universal Service Fund of Rs.3,878.272 million, out of which the Group has paid a sum of Rs.2,111.115 million to the PTA up to the end of the current year under protest. The Islamabad High Court, however, decided the case in favour of the PTA during the year ended 30 June 2009. As a result, the Group has filed an appeal in the Supreme Court of Pakistan, and, hence, pending a final decision in this matter, no adjustment has been made to the above referred sum of Rs.2,111.115 million, shown by the Group under other receivables (note 15.6) nor any provision has been made for the remaining sum of Rs.1,767.157 million in the accompanying financial statements;*

ERNST & YOUNG

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iv) note 24.3 to the accompanying financial statements in respect of Spectrum Fee payable, shown under deferred liabilities, as a result of the appeal instituted by the Group in the Islamabad High Court during the current year;

v) note 21.1 to the accompanying financial statements concerning redemption of Term Finance Certificates, due on May 27, 2011;

vi) note 26.5 to the financial statements regarding tax deducted from payments made to certain Foreign Satellite Bandwidth providers not deposited to-date in the federal treasury; and

vii) note 37 to the accompanying financial statements relating to liabilities no longer payable written back during the current year.

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

Ernst & Young Ford Rhodes Sidat Hyder

Audit Engagement Partner's Name: Pervez Muslim *Chartered Accountants*
Date: 22 October 2011

Place: Karachi

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	2,228,423	2,639,677
Intangible assets	7	2,429,939	2,611,521
		4,658,362	5,251,198
Long-term loans and advances	8	5,820	6,012
Long-term deposits	9	96,713	91,275
		4,760,895	5,348,485
CURRENT ASSETS			
Stock-in-trade		862	8,836
Communication stores	10	99,091	91,010
Trade debts	11	448,850	1,057,917
Loans and advances	12	64,132	50,157
Deposits and prepayments	13	95,301	116,591
Accrued mark-up	14	49,978	66,562
Other receivables	15	3,579,946	3,521,689
Taxation – net	16	165,895	191,458
Short-term investment	17	31,799	9,571
Cash and bank balances	18	16,926	82,451
		4,552,780	5,196,242
TOTAL ASSETS		9,313,675	10,544,727
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
400,000,000 (2010: 400,000,000) Ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up	19	3,000,000	3,000,000
Unappropriated profit		734,375	674,579
		3,734,375	3,674,579
NON-CURRENT LIABILITIES			
Long-term loans	20	201,625	502,000
Redeemable capital	21	476,160	776,160
Advance from a Contractor	22	467,121	525,517
Long-term deposits	23	93,038	127,739
Deferred liabilities	24	1,735,293	1,715,999
Due to employees	25	228	23,139
		2,973,465	3,670,554
CURRENT LIABILITIES			
Trade and other payables 26		1,520,168	2,469,661
Accrued interest / mark-up	27	105,205	74,017
Short-term running finances	28	437,836	269,771
Short-term borrowing	29	-	17,000
Current maturities of long-term liabilities	30	542,626	369,145
		2,605,835	3,199,594
CONTINGENCIES AND COMMITMENTS	31		
TOTAL EQUITY AND LIABILITIES		9,313,675	10,544,727

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
REVENUE – net	32	2,589,586	3,664,611
Direct costs	33	(2,231,540)	(2,700,495)
GROSS PROFIT		358,046	964,116
Distribution costs and administrative expenses	34	(559,921)	(611,782)
Other operating expenses	35	(3,912)	(62,845)
		(563,833)	(674,627)
Other operating income	36	68,146	39,320
Gain on sale of intangible asset		-	1,478,758
Liabilities no longer payable written back	37	548,707	95,309
		616,853	1,613,387
		53,020	938,760
OPERATING PROFIT		411,066	1,902,876
Finance costs	38	(277,682)	(535,240)
PROFIT BEFORE TAXATION		133,384	1,367,636
Taxation	39	(43,588)	(543,489)
NET PROFIT FOR THE YEAR		89,796	824,147
EARNINGS PER SHARE - Basic and diluted (Rupees)	40	0.30	2.75

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
Net profit for the year		89,796	824,147
Other comprehensive income		-	-
Total comprehensive income		89,796	824,147

The annexed notes from 1 to 48 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	41	752,276	(661,440)
Income tax refund received		-	25,000
Income tax paid		(1,721)	(31,512)
Finance costs paid		(241,416)	(418,170)
Retirement benefits paid		(2,682)	(3,715)
Long-term loans and advances		192	1,124
Due to employees		(24,701)	(18,492)
Liability for long-term deposits		(34,701)	94,915
Long-term deposits		(5,438)	(32,720)
Net cash generated from / (used in) operating activities		441,809	(1,045,010)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(122,670)	(57,446)
Proceeds from disposal of property, plant and equipment		-	2,090
Proceeds from the sale of intangible assets		-	1,257,070
Net cash (used in) / generated from investing activities		(122,670)	1,201,714
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(30,000)	-
Advance from a Contractor		(58,396)	294,793
Repayment of redeemable capital		(105,840)	-
Repayment of long-term finances – net		(317,625)	(286,995)
Repayment from short-term borrowings - net		(17,000)	-
Proceeds / (repayment) of short-term running finance - net		168,065	(138,012)
Repayment of obligations under finance lease		(1,640)	(18,795)
Net cash used in financing activities		(362,436)	(149,009)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(43,297)	7,695
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		92,022	84,327
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42	48,725	92,022

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Issued, subscribed and paid-up	(Accumulated losses) / Unappropriated profit	Total
	------------------------ (Rupees in '000)	-----------------------	
Balance as at June 30, 2009	3,000,000	(149,568)	2,850,432
Net profit for the year	-	824,147	824,147
Other comprehensive income	-	-	-
Total comprehensive income	-	824,147	824,147
Balance as at June 30, 2010	3,000,000	674,579	3,674,579
Net profit for the year	-	89,796	89,796
Other comprehensive income	-	-	-
Total comprehensive income	-	89,796	89,796
Final dividend @ Rs.0.10 per Ordinary share of Rs.10 each for the year ended June 30, 2010	-	(30,000)	(30,000)
Balance as at June 30, 2011	3,000,000	734,375	3,734,375

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

- Telecard Limited – Holding Company
- Supernet Limited – Subsidiary Company
- Telecard Asia (UK) Limited - Subsidiary Company
- Telecard E-Solutions (Private) Limited - Subsidiary Company

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 Karachi and Islamabad Stock Exchanges. The Company is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones. The Company holds 100% equity of Supernet Limited.

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 Asia (UK) Limited was incorporated to provide international telecommunication service. The Company holds 100% equity of Telecard Asia (UK) Limited.

Telecard E-Solutions (Private) Limited has been incorporated to provide telecommunication solutions and other IT related Services. The Company holds 100% equity of Telecard E-Solutions (Private) Limited.

The registered office of the Group is located at World Trade Centre, 75, East Blue Area, Fazal-ul-Haq Road, Islamabad.

2. 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.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for a financial liability in respect of spectrum fee which has been carried at fair value (note 24.3) and certain employees' benefits which have been carried at present value (note 24.1).

4. BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of the Company and its Subsidiary Companies; Supernet Limited, Telecard Asia (UK) Limited and Telecard E-Solutions (Private) Limited, 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 12	Income Tax (Amendment) – Deferred Taxes : Recovery of underlying assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the post -employment benefits and termination benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material affect on the Group's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

		IASB Effective date (annual periods beginning Standard on or after)
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

5.2 *Changes in accounting policies and disclosures resulting from adoption of standards, amendments and interpretations during the year*

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Group has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS - 2	*Group Cash-settled Share-based Payment Arrangements*
IAS - 32	*Financial Instruments: Presentation - Classification of Rights Issues (Amendment)*
IFRIC - 19	*Extinguishing Financial Liabilities with Equity Instruments*

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash flows Presentation of Financial Statements
IAS 17 Leases
IAS 36 Impairment of Assets
IAS 39 Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3 Business Combinations
IAS 27 Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any effect on the financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

5.3 *Dividends and appropriation to general reserve*

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

5.4 *Significant accounting estimates and judgments*

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

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

	Notes
Determining the residual values and useful lives of fixed assets	5.5, 6 & 7
Impairment of	
• fixed assets	5.5, 6 & 7
• Trade debts	5.8 & 11
Recognition of tax and deferred tax	5.15, 24.2 & 39
Accounting for staff retirement benefits	5.14 & 24.1

5.5 Fixed assets

5.5.1 Property, plant and equipment

Owned

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

Depreciation is calculated on a straight-line method over the estimated useful life of the asset. The rates used are stated in note 6.1 to the consolidated financial statements. Depreciation on additions is charged for the full month in the month of addition and no depreciation is charged in the month of deletion.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gain and loss on disposal of assets is taken to the profit and loss account except for gain on sale and leaseback transactions, which is deferred and amortised over the lease term of the asset.

Leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged at the same rates as charged on the Group's owned assets.

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.

5.5.2 Intangible assets

The costs of license to provide telecommunication services and computer softwares are classified as intangible assets. There are stated at cost / revalued amount less accumulated amortisation and impairment, if any. Amortisation is charged to income using straight line method over the useful economic life of intangible assets.

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.

5.5.3 Impairment

The carrying values of the Group's assets are reviewed for impairment at each reporting date when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

5.6 Communication stores

These are valued at the lower of cost determined on the first-in first-out method and net realisable value. Items -in-transit are stated at cost comprising invoice value plus other charges paid thereon up to the balance sheet date.

5.7 Stock in trade

Stock in trade comprises of internet and computer memory cards. These are valued at lower of cost and net realizable value. Cost is determined on first-in-first out basis except for stock in transit which is stated at invoice price plus other charges paid thereon up to the balance sheet date.

5.8 Trade debts and other receivables

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

5.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash in hand and short-term investments, maturing within three months.

5.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which approximates its fair value.

5.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.12 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

5.13 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.14 Employees' benefits

Gratuity Fund

The Group operates an unfunded gratuity scheme for its employees under "Workmen Category". Provision is made annually, to cover obligations under the plan, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation using "projected Unit Credit Method". Actuarial gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Provident Fund

The Group operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 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 balance sheet date.

5.15 Taxation

Current

The Group falls under the final tax regime under Sections 148 and 169 of the Income Tax ordinance, 2001, to the extent of sales of imported finished goods. Provision for taxation on other sources of revenue is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised, proportionate to sales under final tax regime and normal tax regime, using the liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred income 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 balance sheet date.

The carrying amount of deferred income 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 income tax asset to be utilised.

5.16 Foreign currency translation

Transactions in foreign currencies are recorded in the presentation / functional currency, which is Pak Rupees, at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are measured using exchange rates that existed when the values were determined. All differences are taken to the profit and loss account.

5.17 Finance 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 capitalised up to the time such assets get ready for intended use. All other finance costs are recognised as expense in the period in which they are incurred.

5.18 Revenue

Revenue from wireless payphone cards is recognised as the related units/credits are consumed by customers. The unutilised units/credits are carried in the balance sheet as unearned income.

Revenue from wireline payphone cards and from revenue sharing arrangements is recognised upon sale of cards to customers (i.e. not on card utilisation basis) due to limitations of the Group's information system to track the utilisation of cards by the customers. However, as the revenue from above is not significant in relation to the total revenue of the Group, the management believes that the overall impact of following the above accounting policy on the consolidated financial statements would not be material.

Revenue from post paid packages is recognised on accrual basis.

Revenue from connection fee is recognised on sale of connection.

Revenue from incoming calls from local network as well as Long Distance International (LDI) network is recognised at the time the call is terminated over the Group's network.

Revenue from broadband / 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.

5.19 Interconnect charges and liability

Interconnect charges on all units / credits consumed in respect of wireless payphones 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 that case the liability is recorded on the basis of the Group's information system and records.

Pakistan Telecommunication Company Limited (PTCL) interconnect charges in respect of wireline payphones at fixed rates on all cards sold is booked as liability whether or not corresponding bills are received. The balance over the bills received is treated as provision available to meet liability on untendered cards.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,681,843	2,095,152
Capital work-in-progress	6.2	546,580	544,525
		2,228,423	2,639,677

6.1 Operating fixed assets

	Note	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
		As at July 01, 2010	Additions/ Transfers *	(Disposal)	As at June 30, 2011	Rate/ period	As at July 01, 2010	For the year (adjustment)**	(On disposal) / (transfers)*	As at June 30, 2011	As at June 30, 2011
		--------- (Rs. in '000) ---------					----------------- (Rs. in '000) -----------------				
June 30, 2011											
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	-	3,020
Leasehold land	6.1.1	3,900	-	-	3,900	13 yrs	3,900	-	-	3,900	-
Leasehold improvements		3,653	-	-	3,653	20%	3,653	-	-	3,653	-
Building on freehold land		625	-	-	625	20 yrs	280	31	-	311	314
Apparatus, plant and equipment	6.1.2 & 6.2	6,175,827	106,334	-	6,292,316	5-33%	4,170,310	507,489	-	4,683,285	1,609,031
			10,155 *						5,486 *		
Sign boards		30,875	-	-	30,875	25%	30,752	123	-	30,875	-
Furniture, fixtures and office equipment		56,617	4,695	-	61,312	10%	34,339	4,414	-	38,753	22,559
Computers and related accessories		70,227	7,321	-	77,548	20%	61,354	6,536	-	67,890	9,658
Vehicles	6.1.3	22,590	2,264	-	24,854	20%	19,104	1,408	-	20,512	4,342
		6,367,334	120,614	-	6,498,103		4,323,692	520,001	5,486*	4,849,179	1,648,924
			10,155 *								
Leased											
Apparatus, plant and equipment	6.1.2	141,597	-	-	131,442	10-33%	90,741	13,594	-	98,849	32,593
			(10,155) *						(5,486) *		
Vehicles		2,953	-	-	2,953	20%	2,299	328	-	2,627	326
		144,550	-	-	134,395		93,040	13,922	(5,486) *	101,476	32,919
			(10,155) *								
		6,511,884	120,614	-	6,632,498		4,416,732	533,923	- *	4,950,655	1,681,843

	Note	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
		As at July 01, 2009	Additions/ Transfers *	(Disposal)	As at June 30, 2010	Rate/ period	As at July 01, 2009	For the year (adjustment)**	(On disposal) / (transfers)*	As at June 30, 2010	As at June 30, 2010
		(Rs. in '000)					(Rs. in '000)				
June 30, 2010											
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	-	3,020
Leasehold land	6.1.1	3,900	-	-	3,900	13 yrs	3,900	-	-	3,900	-
Leasehold improvements		3,653	-	-	3,653	20%	3,548	105	-	3,653	-
Building on freehold land		625	-	-	625	20 yrs	249	31	-	280	345
Apparatus, plant and equipment	6.1.2 & 6.2	6,106,439	39,388 30,000 *	-	6,175,827	5-33%	3,457,336	702,641	- 10,333 *	4,170,310	2,005,517
Sign boards		30,875	-	-	30,875	25%	29,600	1,152	-	30,752	123
Furniture, fixtures and office equipment		55,898	719	-	56,617	10%	30,134	4,205	-	34,339	22,278
Computers and related accessories		64,967	5,260	-	70,227	20%	55,140	6,214	-	61,354	8,873
Vehicles	6.1.3	21,692	3,030 1,079 *	(3,211)	22,590	20%	17,685	3,551 1,079*	(3,211)	19,104	3,486
		6,291,069	48,397 31,079 *	(3,211)	6,367,334		3,597,592	717,899	(3,211) 11,412 *	4,323,692	2,043,642
Leased											
Apparatus, plant and equipment	6.1.2	171,597	- (30,000) *	-	141,597	10-33%	85,223	15,851	- (10,333) *	90,741	50,856
Vehicles		4,032	- (1,079) *	-	2,953	20%	3,050	328	- (1,079) *	2,299	654
		175,629	(31,079) *	-	144,550		88,273	16,179	- (11,412) *	93,040	51,510
		6,466,698	48,397	(3,211)	6,511,884		3,685,865	734,078	(3,211)	4,416,732	2,095,152

6.1.1 *This represents cost incurred by the Group during the year ended June 30, 1997, in acquiring leasehold land from the Karachi Municipal Corporation for a period of thirteen years for constructing a Time Tower thereon. The underlying lease agreement is in the name of Arfeen International (Private) Limited, a related party. The lease agreement expired during the year ended June 30, 2010. As a result, Arfeen International (Private) Limited are currently in the process of renewing the same.*

6.1.2 *These include:*

6.1.2.1 *Line Protection Units, costing Rs.22.206 (2010: Rs.22.206) million, having a net book value of Rs.0.519 (2010: Rs.1.152) million, installed by the Group at the PTCL Exchanges throughout the country for the protection of wireline connections.*

6.1.2.2 *Equipment, costing Rs.2,345.894 (2010: Rs.2,253.825) million, having a net book value of Rs.258.423 (2010: Rs.302.990) million, which are in the possession of the customers of the Group in the ordinary course of business.*

6.1.2.3 *Outdoor payphone units, having an aggregate cost of Rs.248.983 (2010: Rs.248.983) million, with a net book value of Rs.0.121 (2010: Rs.0.165) million, installed by the Group at various locations throughout the country in the ordinary course of business.*

6.1.3 *Leases relating to these assets have expired during the current year. However, these assets have not been transferred to owned assets as the formalities in respect of their transfer from the leasing companies are currently in process.*

6.1.4 *The cost of fully depreciated assets as at June 30, 2011 is Rs.2,741.08 (2010: Rs.1,685.000) million.*

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
6.1.5 *Depreciation for the year has been allocated as follows:*			
Direct costs	33	520,889	718,298
Distribution costs and administrative expenses	34	13,033	15,780
		533,922	734,078

6.1.6 *The Group, with effect from the current year changed the depreciation rate on some of the computers and related accessories from 20% to 33%. The effect of the said change in the accounting estimate has resulted in increase in the depreciation charge for the current year by Rs.0.914 million, with the corresponding reduction in the net profit for the current year by the same sum.*

	Owned Equipment (6.2.1)	Advances to suppliers	Total
	------- (Rupees in '000) -------		
6.2 *Capital work-in-progress*			
As at July 01, 2010	518,561	25,964	544,525
Additions during the year	440	2,157	2,597
Transfer to apparatus, plant and equipment	(509)	(33)	(542)
June 30, 2011	518,492	28,088	546,580
June 30, 2010	518,561	25,964	544,525

7. INTANGIBLE ASSETS

	Note	COST/REVALUATION As at July 01, 2010	Additions during the year	As at June 30, 2011	Period Yrs	ACCUMULATED AMORTISATION As at July 01, 2010	For the year / (On disposal	As at June 30, 2011	WRITTEN DOWN VALUE As at June 30, 2011
		----Rupees in '000----				-----------------Rupees in '000-----------------			
June 30, 2011									
WLL Licenses	7.1 & 7.2	3,345,096	-	3,345,096	20 yrs	825,541	179,969	1,005,510	2,339,586
LDI License	7.3	29,029	-	29,029	16-20 yrs	7,224	1,548	8,772	20,257
Computer software		38,836	-	38,836	5 yrs	38,595	65	38,660	176
Goodwill		116,536	-	116,536	-	46,616	-	6,616	69,920
		3,529,497	-	3,529,497		917,976	181,582	1,099,558	2,429,939

	Note	COST / REVALUATION As at July 01, 2009	Additions during the year	As at June 30, 2010	Period Yrs	ACCUMULATED AMORTISATION As at July 01, 2009	For the year / (On disposal)	As at June 30, 2010	WRITTEN DOWN VALUE As at June 30, 2010
		----Rupees in '000----				-----------------Rupees in '000-----------------			
June 30, 2010									
WLL Licenses	7.1 & 7.2	3,459,535	(114,439)	3,345,096	20 yrs	652,294	186,360 (13,113)	825,541	2,519,555
LDI License	7.3	29,029	-	29,029	16-20 yrs	5,676	1,548	7,224	21,805
Computer software		38,836	-	38,836	5 yrs	38,530	65	38,595	241
Goodwill		116,536	-	116,536	-	46,616	-	46,616	69,920
		3,643,936	(114,439)	3,529,497		743,116	187,973 (13,113)	917,976	2,611,521

7.1 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 20 years, commencing August 04, 2004.

7.2 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 period ranging between 16 to 20 years, commencing July 27, 2004.

7.3 The cost of fully amortised intangible asset as at June 30, 2011 is Rs.38.514 (2010: Rs.38.514) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
7.4 Amortization for the year has been allocated as follows:			
Direct costs	33	181,517	187,908
Distribution costs and administrative expenses	34	65	65
		181,582	187,973

8. LONG-TERM LOANS AND ADVANCES

	Note	June 30, 2011	June 30, 2010
Loans - secured, considered good			
Executives	8.1, 8.2 & 8.3	130	135
Employees	8.1	113	116
		243	251
Recoverable within one year shown under current assets			
Executives		(130)	(55)
Employees		(113)	(4)
	12	(243)	(59)
		-	192
Advances – secured			
Considered good			
Pakistan Telecommunication Company Limited	8.4	5,820	5,820
Considered doubtful		1,929	1,929
Provision for advances considered doubtful	8.5	(1,929)	(1,929)
		-	-
		5,820	5,820
		5,820	6,012

8.1 These are interest free personal loans given to the executives and employees of the Group, in accordance with the terms of their employment. The loans are recoverable in monthly installments over a maximum period of eighteen months and are secured against employees' gratuity balances.

Long-term loans have not been discounted to their present value as the financial impact thereof is not considered material by the management.

8.2 Reconciliation of the carrying amount of loans to executives

	June 30, 2011	June 30, 2010
Opening balance	135	80
Disbursements	-	55
Repayment	(5)	-
	130	135

8.3 The maximum aggregate amount due from the executives at the end of any month during the year was Rs.0.130 (2010: Rs.0.135) million.

8.4 These represent advances given to Pakistan Telecommunication Company Limited (PTCL) for obtaining links and circuits for different projects of the Group, which are adjusted after these are closed.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
8.5 Provision against doubtful long-term advances:			
Balance at the beginning of the year		1,929	772
Charge for the year	34	-	1,157
		1,929	1,929

9. LONG-TERM DEPOSITS

	Note	June 30, 2011	June 30, 2010
Security deposits			
Considered good			
Line deposits – PTCL		48,894	48,811
Rented premises		5,474	5,910
China Orient Telecom Satellite Company Limited		5,073	5,073
Leasing companies		13,309	14,325
Refundable within one year shown under current assets	13	(13,309)	(14,325)
		-	-
		59,441	59,794
New Skies Satellite B.V.	9.1	37,116	47,130
SpaceCom International LLC.	9.2	31,541	47,312
Others		95	-
		68,752	94,442
Current portion shown under current assets	13	(31,480)	(62,961)
		37,272	31,481
		96,713	91,275
Considered doubtful		1,729	1,729
Provision against long-term deposits considered doubtful	9.3	(1,729)	(1,729)
		-	-
		96,713	91,275

9.1 This represents security deposit given to New Skies Satellite B.V., a foreign Satellite Bandwidth provider, representing two months' monthly recurring charges for the use of 54MHz bandwidth, availed from the NSS Space Satellite, in accordance with the terms of the contract signed therewith during the year ended June 30, 2010. This deposit will be adjusted against monthly recurring charges for the months of April 2012 and April 2013, amounting to Rs.15.710 million (equivalent to US$183,524) each.

9.2 This represents security deposit given to SpaceCom International LLC., a foreign Satellite Bandwidth provider, representing two months' monthly recurring charges for the use of 52MHz bandwidth, availed from the IS904 Space Satellite, in accordance with the terms of the contract signed therewith during the year ended June 30, 2010. This deposit will be adjusted against monthly recurring charges for the months of April 2012 and April 2013, amounting to Rs.15.771 million (equivalent to US$184,235) each.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
9.3 Provision against long-term deposits considered doubtful:			
Balance at the beginning of the year		1,729	691
Charge for the year	34	-	1,038
		1,729	1,729

10. COMMUNICATION STORES

	Note	June 30, 2011	June 30, 2010
Stores		108,430	100,346
Provision for slow moving communication stores	10.1	(10,474)	(9,921)
		97,956	90,425
Consumables		1,135	585
		99,091	91,010

10.1 Provision against slow moving stores:

	Note	June 30, 2011	June 30, 2010
Balance at the beginning of the year		9,921	6,081
Charge for the year	33	553	3,840
		10,474	9,921

11. TRADE DEBTS

	Note	June 30, 2011	June 30, 2010
Unsecured			
Considered good			
Related parties	11.1	17,352	12,918
Others		431,498	1,044,999
		448,850	1,057,917
Considered doubtful		272,754	270,041
Provision for debts considered doubtful	11.2	(272,754)	(270,041)
		-	-
		448,850	1,057,917

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
11.1 Due from related parties			
Pakcom Limited		15,534	11,208
Arfeen International (Private) Limited		12	453
Grand Leisure Corporation (Private) Limited		1,477	931
Envicrete Limited		326	326
World Trade Center (Private) Limited		3	-
		17,352	12,918
11.2 Provision for debts considered doubtful:			
Opening balance		270,041	153,708
Charge for the year	34	50,639	116,333
Provision written off against trade debts during the year		(47,926)	-
		272,754	270,041

11.3 As at June 30, 2011, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired >3 months upto 6 months	>6 months upto 9 months	>9 months upto 1 year	>1 year
		---------------------------- (Rupees in '000)			----------------------------	
June 30, 2011	448,850	181,224	111,090	19,634	17,554	119,348
June 30, 2010	1,057,917	173,457	654,344	48,425	13,680	168,011

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
12. LOANS AND ADVANCES			
Loans – unsecured			
Considered good			
Current portion of long-term loans			
Executives		130	55
Employees		113	4
	8	243	59
Advances – unsecured			
Considered good			
Executives	12.1	2,032	1,229
Employees		21,325	24,600
Suppliers		40,532	24,269
		63,889	50,098
Considered doubtful			
Executives		626	-
Employees		967	-
Suppliers		19,443	14,308
		21,036	14,308
Provision for advances considered doubtful	12.2	(21,036)	(14,308)
		-	-
		63,889	50,098
		64,132	50,157

12.1 The maximum aggregate amount due from the executives at the end of any month during the year was Rs.3.311 (2010: Rs.3.255) million.

12.2 Provision for advances considered doubtful:

	Note	June 30, 2011	June 30, 2010
Opening balance		14,308	13,103
Charge for the year	34	6,728	1,205
		21,036	14,308

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
13. DEPOSITS AND PREPAYMENTS			
Deposits			
Considered good:T			
Current portion of long-term lease deposits	9	13,309	14,325
Current portion of other long-term deposits	9	31,480	62,961
Margin against guarantee		2,900	1,655
WLL deposit paid to PTCL		3,787	3,787
Earnest money		3,063	2,507
Others		1,524	1,150
Considered doubtful:			
Earnest money		1,770	1,770
Provision for doubtful deposits		(1,770)	(1,770)
		-	-
		56,063	86,385
Prepayments			
Rent		26,408	29,863
Insurance		11,047	-
Others		1,783	343
		95,301	116,591

14. ACCRUED MARK-UP

	Note	June 30, 2011	June 30, 2010
Due from a bank	14.1	48,587	48,587
Mark-up on current accounts with related parties	14.2 & 15.1.1	899	17,975
Short-term investment		492	-
		49,978	66,562

14.1 This represents amount due from a commercial bank in respect of funds raised through Term Finance Certificates, held by the said bank since April 20, 2005 whereas mark-up paid to the Group, commenced August 01, 2005. A claim in respect of the above was lodged by the Group with the bank during the year ended June 30, 2005, which is pending settlement therewith. The management is currently making necessary efforts to recover the aforesaid mark-up and is, therefore, confident about the recovery of the same.

Further, during the year ended June 30, 2008, an additional claim of Rs.194.494 million has been lodged by the Group with the said bank as compensation for delay in the receipt of the above referred amount. However, the management has not accrued the same in these consolidated financial statements as a matter of prudence.

	Note	June 30,	June 30,
	2011	2010	
		------- (Rupees in '000) -------	
14.2 Related parties			
Pakcom Limited		-	17,757
Instaphone (Private) Limited		597	99
Instaphone Infrastructure (Private) Limited		302	119
		899	17,975

15. OTHER RECEIVABLES

	Note		
Considered good			
Due from related parties	15.1	79,739	28,280
Others:			
Pakistan Telecommunication Company Limited			
Karachi Relief Rebate	15.2	651,541	651,541
Interconnect discount	15.3	28,701	28,701
WPS - under protest payments	26.1	289,725	289,725
Leased lines and upfront connection charges	15.4	13,1517	131,517
LL & LDI charges – under protest payments	15.5	200,000	200,000
Wire line	15.2(a)	48,712	48,712
Multi-metering	15.2(a)	18,287	18,287
		1,368,483	1,368,483
Pakistan Telecommunication Authority	15.6	2,111,115	2,111,115
Claim against a bank	15.7	998	998
Insurance claims	15.8	10,087	11,411
Paktel Limited		1,228	1,228
Due from a Contractor		2,907	-
Others		5,389	174
		3,500,207	3,493,409
Considered doubtful			
Due from PTCL	15.9	10,361	10,361
Due from Zonal employees		15,874	15,874
Others		7,026	7,588
		33,261	33,823
Provision for other receivables considered doubtful	15.10	(33,261)	(33,823)
		-	-
		3,579,946	3,521,689

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

15.1 Related parties

Pakcom Limited		1,621	14,875
Instaphone Infrastructure (Private) Limited		59,896	12,341
Envicrete Limited		875	511
Grand Leisure Corporation (Private) Limited		747	553
Arfeen International (Private) Limited		12,360	-
Instaphone (Private) Limited		4,240	-
		79,739	28,280

15.1.1 The above balance of Rs.79.739 (2010: Rs.28.280) million includes (a) a sum of Rs.79.033 (2010: Rs.28.126) million due in respect of services rendered to the related parties and (b) a sum of Rs.0.706 (2010: Rs.0.154) million in respect of current account balances which are recoverable on demand. The current account balances carry mark-up at the rate of 6 months KIBOR plus 3.5% (2010: 6 months KIBOR plus 3.5%) per annum (note 14.2).

15.2 (a) In the interest of public safety, the Government of Pakistan (GoP) is empowered to close transmission of all messages / services, subject to certain conditions. Section 54 of the Pakistan Telecommunication (Reorganisation) Act 1996, states that the GoP can do so "provided that the GoP may compensate any licensee whose facilities or services are affected by any action under that section". Under these powers, the GoP shut down the service of the Group from July 1995 to January 1997. The Group served a notice to the GoP for compensation and as a quid pro quo and in consideration of the Group having agreed to withdraw its claim, the GoP offered the Karachi Relief Rebate Package. This arrangement was duly approved by the Cabinet and announced, on behalf of GoP, by the PTA.

As per the award of the GoP, the PTCL started paying the Karachi Relief Rebate up to June 30, 1998 and thereafter, unilaterally, the PTCL decided to discontinue payments against the said package.

During the year ended June 30, 2000, the Group filed a law suit against the PTCL in the High Court of Sindh (the Court) for the recovery of Rs.71.276 million accrued up to October 1999 and consequential losses thereon, aggregating to Rs.2,261.924 million. The Court, during the year ended June 30, 2002, on an application filed by the Group, passed an interim order in favor of the Group and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

The Group contends that the relief rebate allowed to it through the PTA's letter, dated January 20, 1997, is of a continuing nature as no cessation date is mentioned in that letter. The Group further contends that the relief package was approved by the GoP after negotiations between the GoP and the Group.

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

The total amount due to be recovered on account of relief rebate amounts to Rs.698.690 million up to June 30, 2006. On a prudent basis, the Group accrued relief package up to June 30, 2005, aggregating to Rs.651.541 million, after which the practice of accruing the said relief was discontinued. In the view of the legal advisor of the Group, the Group has a strong case and the likelihood of the Group loosing the case is remote. Hence, the management is confident about the realisation of the said amount together with the amount receivable from the PTCL in respect of wireline and multi-metering of Rs.48.712 million and Rs.18.287 million, respectively, and considers the recovery of these sums to be virtually certain. Accordingly, it has not made any provision against the above referred sums, pending a final decision by the Court in this matter.

(b) During the year ended June 30, 2002, the PTCL filed a law suit against the Group for the recovery of Rs.334.313 million, alleging and disputing the relief rebate claimed / adjusted by the Group. In the opinion of the legal advisor of the Group, if it is decided by the Court that the Group is not entitled to the Karachi Relief Rebate and the decision in this case is against the Group, then the Group would have to pay only the above amount on account of Karachi Relief Rebate. If, however, it was concluded by the Court that the relief rebate is applicable, then, no amount would be liable to be paid by the Group to the PTCL but in fact the Group would be entitled to recover certain amounts as claimed in the law suit, discussed in (a) above. As per the above-referred legal advisor, there is likelihood that the Plaintiff will not succeed in its claim in this suit. Accordingly, pending the decision of the Court in this respect, the Group has not made any provision for the aforesaid claim in these financial statements.

The Court, in its order dated June 25, 2003, ordered the Group not to create third party interest on its fixed assets as well as undertakings except in the ordinary course of business till the disposal of this case.

15.3 This represents the amount of interconnect discount which is subject to the determination of the final sum, as stated in note 15.2 (a) above. The Group is confident that it will recover the entire amount of interconnect discount from the PTCL and, hence, no provision has been made thereagainst in these financial statements.

15.4 These represent payments made by the Group to the PTCL against leased lines and upfront connection charges erroneously billed by the PTCL under WPS. The Group claimed the said amounts through an application filed in the High Court of Sindh during the year ended June 30, 2008, for the recovery thereof from the PTCL. The proceedings in this lawsuit were subsequently stayed and the dispute referred for arbitration in the Islamabad High Court, which is currently in progress. The Group is confident that it will recover the entire amount from the PTCL and, hence, no provision has been made thereagainst in these financial statements.

15.5 During the year ended June 30, 2007, the Group paid a sum of Rs.200 million to the PTCL on its demand in order to restore the services blocked by the PTCL. Thereafter, as a result of a settlement agreement between PTCL and the Group, PTCL agreed that after reconciliation of the disputed amounts under LL and LDI, any dues payable to the Group by the PTCL will be paid immediately. As the said reconciliation has not been finalized, the above amount has not been adjusted in these financial statements.

15.6 In March 2007, the PTA issued show cause notices to eight telecom companies, including the Group, in respect of Access Promotion Contribution (APC) for Universal Service Fund (USF) under the AP Rules, 2004 and AP Regulations, 2005. In case of the Group, the amount demanded was Rs.29.473 million. The Group responded to the show cause notice and appeared before the Authority through its Counselor, contending that the AP Rules, 2004 and the AP Regulations, 2005 were ultra vires and were of no legal effect whatsoever. During the year ended June 30, 2008, the PTA issued a final determination, upholding the said show cause notice and demanded the amount therein. A stay order against the PTA determination was obtained by the Group through the Islamabad High Court and repatriation was filed against the PTA and others. During the year ended June 30, 2009, the Islamabad High Court decided the case in favour of the PTA. The Group, along with other LDI Licencees, as a result thereof has filed an appeal in the Supreme Court of Pakistan, which is in the initial stages of hearing.

Further, the PTA demanded on behalf of the USF a sum of Rs.3,848.799 million up to June 30, 2011 (June 30, 2010: Rs.2,239.675 million) in respect of APC for USF on the basis of international termination traffic by the Group up to June 30, 2011, in addition to Rs.29.473 million, aggregating to Rs.3,878.272 million (June 30, 2010: Rs.2,269.148 million), against which the Group paid a sum of Rs.2,111.115 million under protest (June 30, 2010: Rs.2,111.115) million (including forced payments in respect of research and development and RBS), comprising (a) Rs.729.479 million paid by the Group during the year ended June 30, 2010 and (b) a sum of Rs.1,200.000 million paid by the Contractor (note 22) to the PTA on behalf of the Group, during the year ended June 30, 2010 and (c) Rs.181.636 million paid up to June 30, 2009. 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.1,767.157 million (June 30, 2010: Rs.158.033) million in these financial statements as management, based on the legal opinion received from its legal advisor in this regard, is confident that it will succeed in recovering the above referred sum.

In addition to, and without prejudice to its claims given above, the Group instituted further proceedings before the Sindh High Court at Karachi against the PTA and others 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, and as a consequence demanding illegal and inflated dues from the Group. The Group has obtained interim injunctions from the Court preventing any adverse actions from PTA. The PTA has yet to file any response in these matters in the Court.

15.7 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 by the bank. The Group has filed a lawsuit in the Court for the recovery of Rs.0.998 million (2010: Rs.0.998 million) and damages, aggregating to Rs.8.245 (2010: Rs.8.245) million, against the bank. Accordingly, pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

15.8 These represent insurance claims lodged by the Group with the insurance companies in accordance with the insurance policies therewith. The settlement of these is subject to finalization of certain formalities, which the Group is currently pursuing therewith.

15.9 his represents amount over billed by the PTCL and paid by the Group in respect of optical fibre lines based on the rates applicable during the relevant billing periods. A claim in respect of the above is pending settlement. However, pending the settlement, as a matter of prudence, the management has made full provision against the above claim.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
15.10 Provision for other receivables considered doubtful			
Opening balance		33,823	34,140
Provision written back against other receivables	36	(562)	(317)
		33,261	33,823

16. TAXATION – net

Advance income tax	189,017	275,609
Provision for taxation - current	(23,122)	(84,151)
	165,895	191,458

17. SHORT-TERM INVESTMENT

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
Held to maturity			
Term deposit receipts	17.1	31,799	9,571

17.1 These represent term deposit receipts, having a face value of Rs.31.799 (2010: Rs.9.571) million, placed with a commercial bank for a period of three months, maturing latest by August 10, 2011. The rate of return thereon is 11.5% (2010: 12%) per annum.

18. CASH AND BANK BALANCES

	Note	June 30, 2011	June 30, 2010
Cash in hand		54	-
Cash at banks:			
In current accounts			
Local currency		9,335	27,798
Foreign currency		6,231	43,434
		15,566	71,232
In savings accounts			
Local currency	18.1	1,306	11,219
		16,926	82,451

18.1 These carry mark-up at rates, ranging between 1.75% and 3.75% (2010: 3% and 5%) per annum.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2011	June 30, 2010		June 30, 2011	June 30, 2010
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

19.1 As at the end of the current year 58,991,594 (2010: 58,991,594) Ordinary shares of Rs.10 each, amounting to Rs.589,915,940 (2010: Rs.589,915,940), were held by the related parties of the Holding Company.

20. LONG-TERM LOANS

	Note	June 30, 2011	June 30, 2010
Secured			
From banks and financial institutions			
Local currency loan – I	20.1	7,000	21,000
Local currency loan – II	20.2	150,000	178,125
Local currency loan – III	20.3	98,500	330,000
Local currency loan – IV	20.4	26,000	70,000
		281,500	599,125
Current maturity of local currency loans shown under current liabilities	30	(79,875)	(97,125)
		201,625	502,000

20.1 This represents a local currency loan obtained by the Group from an investment company for a period of six years, including one year grace period. It is repayable in ten equal half yearly installments, commencing December 01, 2006. The loan carries mark up at the rate of six months KIBOR plus 3.75% (2010: six months KIBOR plus 3.75%) per annum, payable half yearly and is secured against first pari passu charge over the present and future movable assets of the Group to the extent of Rs.94.000 (2010: Rs.94.000) million.

20.2 This represents a local currency loan obtained by the Group from a commercial bank for a period of five years, inclusive of eighteen months grace period. It was repayable in eight semi-annual installments commencing July 24, 2008. However, the loan was restructured during the year ended June 30, 2010 and is now repayable in eight semi-annual installments, commencing January 23, 2010. The loan carries mark-up at the rate of six months KIBOR plus 3.5% (2010: six months KIBOR plus 3.5%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Group to the extent of Rs.467.000 (2010: Rs.467.000) million.

20.3 This represents a local currency loan obtained by the Group from a commercial bank for a period of five years, inclusive of eighteen months grace period. It was repayable in eight semi-annual installments commencing November 23, 2009. The loan was restructured during the year ended June 30, 2010 and is now repayable as a lump sum on May 23, 2014. However, to improve its gearing ratio, the Group repaid an amount of Rs.231.500 million during the current year. The loan carries mark-up at the rate of one year KIBOR plus 2.10% (2010: one year KIBOR plus 2.10%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Group to the extent of Rs.467.000 (2010: Rs.467.000) million.

20.4 During the year ended June 30, 2008, the Group arranged a running finance facility from a commercial bank amounting to Rs.100 million under an agreement dated March 31, 2008. During the year ended June 30, 2010, the said running financing facility was restructured as a medium term finance facility. It is now repayable in eighteen monthly installments, commencing July 1, 2010. The loan carries mark-up at the rate of one month KIBOR plus 2.00% (2010: one month KIBOR plus 2.00%) per annum. It is secured against pari passu charge over the present and future fixed assets of the Group to the extent of Rs.116.670 (2010: Rs.116.670) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in ‘000) -------	

21. REDEEMABLE CAPITAL

Secured

	Note	June 30, 2011	June 30, 2010
Term Finance Certificates	21.1	882,000	987,840
Current maturity shown under current liabilities	30	(405,840)	(211,680)
		476,160	776,160

21.1 This represents listed Term Finance Certificates (TFCs) issued by the Group to various financial institutions, trusts and general public for the purposes of acquiring radio spectrum frequencies from the PTA and expanding / upgrading new WLL network.

21.1 This represents listed Term Finance Certificates (TFCs) issued by the Group to various financial institutions, trusts and general public for the purposes of acquiring radio spectrum frequencies from the PTA and expanding / upgrading new WLL network.

These were redeemable in ten unequal semi-annual installments, commencing November 2005 with a semi annual payment of mark-up at a rate of six months KIBOR plus 3.75% (2010: six months KIBOR plus 3.75%) per annum. However, during the year ended June 30, 2010, the redemption schedule of the TFCs relating to the redemption, falling due on November 27, 2009 and all redemptions scheduled thereafter, was restructured after the approval obtained by the Group from the TFC holders upon its request as a result of which the last redemption date was extended to 27 November 2013, instead of the original final redemption date of November 27, 2010. However, the most recent redemption, due on May 27, 2011, has not been redeemed by the Group. In this regard, the Group is currently negotiating with the TFC holders to delay the repayment and/or restructure the redemption schedule and is hopeful that it would succeed in its efforts to restructure the same without any financial consequences or delay penalties. For this reason, the liquidated damages, amounting to Rs.21.168 million, as at the end of the current year have not been accrued in these financial statements.

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs.800.000 (2010: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

22. ADVANCE FROM A CONTRACTOR

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in ‘000) -------	
Unsecured			
Advance from a Contractor	22.1	467,121	525,517
Adjustable within one year shown under current liabilities	30	-	-
		467,121	525,517

22.1 Opening balance		525,517	553,738
Taken to income upon rendering of service as per the Network Agreement cancelled and superseded on April 26, 2010	32	-	(230,724)
Taken to income during the current year upon rendering of services	32	(58,396)	-
Unamortised balance		467,121	323,014
Applied against sale consideration of 3.5Ghz WLL Licences pursuant to Amended and Restated Network Agreement		-	(323,014)
		467,121	-
Advance received during the year		-	605,810
Trade debts applied there against		-	(80,293)
		467,121	525,517

22.1.1 During the year ended June 30, 2010, that is, on April 30, 2010, the Group sold the licenses for the 3.5 GHz frequencies to a Subsidiary Company of the Contractor, for a consideration of Rs.1,580.084 million, after obtaining necessary approval from the PTA. This sale was made in accordance with the terms of an 'Amended and Restated Network Agreement' (the Agreement) signed on April 26, 2010 between the Group, Contractor and its Subsidiary Company, covering (a) the sale of licenses and (b) provision of services to the Contractor for future periods pursuant to a Credit Note for Rs.1,051.250 million, equivalent to US$12.5 million, to be issued by the Group.

The Agreement, as referred to above, superseded the earlier Network Agreement the Group signed with the Contractor during the year ended June 30, 2008 under which the Group received a sum of Rs.830.608 million for services rendered to the Contractor for a period of three years, commencing July 1, 2008 to June 30, 2011. During the term of the said agreement, up to the date of the supersession, the Group had recognised income, aggregating to Rs.507.594 million, leaving an unamortised balance of Rs.323.014 million.

Against the sale consideration of Rs.1,580.084, the Contractor paid (i) a sum of Rs.662.880 million to the Group and (ii) a sum of Rs.594.190 million directly to the PTA on behalf of the Group against the amounts due thereto by the Group in respect of various charges to fulfill a precondition for the execution and transfer of the title of the licenses in the name of the Subsidiary of the Contractor, which the Group has recorded as payment made under protest in note 15.6 under "Other Receivables". Further, as the balance of Rs.323.014 million of unamortised advance from the Contractor was not refundable thereto as a result of the supersession of the earlier agreement therewith, the Group applied the same against the above referred sale consideration in accordance with the Amended and Restated Network Agreement.

On the other hand, against the provision of infrastructure services of Rs.1,051.250 million to the Contractor for future services, as referred to in (b) above, the Contractor paid a sum of Rs.605.810 million directly to the PTA on behalf of the Group for the same reasons, as explained above, which has also been recorded by the Group as payment made under protest in note 14.6 under Other Receivables, aggregating to Rs.1,200.000 million. Additionally, the Contractor is committed to issue shares to the Group for a value of Rs.445.440 million which will be recorded by the Group as and when these are issued by the Contractor. The shares in question have not been issued to-date. The above referred consideration of Rs.1,051.250 million in respect of provision of services had been adjusted by the Group against a sum of Rs.80.293 million, representing amounts due from the Contractor in respect of services rendered thereto, pursuant to the Amended and Restated Network Agreement, discussed above.

Although the Amended and Restated Network Agreement does not specify the period in which such infrastructure services are to be provided by the Group to the Contractor, the Group estimates that based on the current usage level, the value of the Credit Note will be exhausted during the balance life of its WLL Licenses, i.e. approximately fourteen years. Since the Credit Note in question has not been finalised to-date, as related shares have not been issued, it is not possible at present to calculate the amount to be taken into income during the next twelve months and, accordingly, no amounts have been transferred to current liabilities at the end of the current year.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
23. LONG-TERM DEPOSITS			
Security deposits			
Telenor LDI Communication (Private) Limited	23.1	66,627	99,940
Distributors		7,905	9,346
Indoor Call Point holders		31,479	32,957
Others		20,340	18,809
		126,351	161,052
Current portion shown under current liabilities	30	(33,313)	(33,313)
		93,038	127,739

23.1 During the year ended June 30, 2010, the Group entered into an agreement on February 12, 2010 with Telenor LDI Communication (Private) Limited [Telenor]. Under the provisions of the said agreement, Telenor deposited a sum of Rs.99.940 million with the Group, representing three months' monthly recurring charges, in respect of the use of 106 MHz bandwidth obtained by the Group from foreign Satellite Bandwidth Providers, discussed in notes 9.1 and 9.2. This deposit is due to be adjusted against monthly recurring charges for the months of April 2011, April 2012 and April 2013, amounting Rs.33.313 million (equivalent to US$ 396,353) each. Accordingly, the recurring charge of April 2011 was adjusted during the current year.

	Note	June 30, 2011	June 30, 2010
24. DEFERRED LIABILITIES			
Staff gratuity	24.1	11,793	12,243
Deferred taxation	24.2	138,000	118,256
Spectrum Fee payable	24.3	1,585,293	1,585,500
		1,735,293	1,715,999
24.1 Staff gratuity			
24.1.1 Reconciliation of obligations as at year end			
Present value of defined benefit obligation		11,793	12,243
24.1.2 Movement in liability			
Net liability at beginning of the year		12,243	27,280
Charge for the year / (Reversal of charge)		2,232	(11,322)
Benefits paid during the year		(2,682)	(3,715)
		11,793	12,243
24.1.3 Charge for the year / (Reversal of charge)			
Current service cost		690	1,114
Interest cost		1,542	2,794
Reversal of past service cost		-	(13,675)
Transferred to 'due to employees'		-	(217)
Actuarial gains recognised during the year		-	(1,338)
		2,232	(11,322)

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

24.1.4 Movement in defined benefit obligation

Present value of defined benefit obligation at beginning of the year	12,243	27,280
Current service cost	690	1,114
Interest cost	1,542	2,794
Reversal of past service cost	-	(13,675)
Benefits paid during the year	(2,682)	(3,715)
Transferred	-	(217)
Actuarial gains on present value of defined benefit obligation	-	(1,338)
	11,793	12,243

24.1.5 Principal actuarial assumptions

The latest valuation was carried out as at June 30, 2010, using Projected Unit Credit Method. Following assumptions have been used for valuation of the scheme:

	June 30, 2011	June 30, 2010
Expected rate of increase in salaries, per annum	11%	11%
Expected discount rate, per annum	12%	12%

24.1.6 Comparison for five years

	2011	2010	2009	2008	2007
	------------------- (Rupees in '000) -------------------				
Present value of defined benefit obligation	11,793	12,243	27,280	25,681	64,186

24.2 Deferred taxation

Deferred tax credits arising on:		
Accelerated tax depreciation	197,841	289,842
Amortisation of intangible assets	253,959	194,468
Leases	11,432	12,707
	463,232	497,017
Deferred tax debits arising from:		
Retirement benefits	(7,045)	(16,347)
Short-term provisions	(123,303)	(115,805)
Tax losses brought forward	(194,884)	(246,609)
	(325,232)	(378,761)
	138,000	118,256

24.3 Spectrum fee payable

Balance at the beginning of the year	24.3.1	1,585,500	1,428,378
Imputed interest charged to profit and loss account	38	-	157,122
		1,585,500	1,585,500

24.3.1 This represents the balance of Initial Spectrum Fees (balance fees) in respect of the license and related frequencies acquired by the Company, as referred to in note 6. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology, to grant a moratorium for payment of the balance fees followed by a staggered payment schedule over 10 years. The PTA, pursuant to the approval of the Economic Coordination Committee (ECC), confirmed granting of the moratorium of 4 years, expiring during March 2010, to the WLL industry, including the Company, for the payment of balance of the spectrum fees, while other payment modalities were to be finalized. Since then, WLL Operators have been requesting the authorities for a confirmation of staggering of the balance fees over 10 years. On March 10, 2010, the Company received a letter from the PTA approving the staggering of balance of initial spectrum fees in ten equal instalments, commencing the year 2009. However, few days later, the PTA withdrew the said letter regarding it as being issued inadvertently, and instead, issued a show cause notice to the Company on June 02, 2010, seeking explanation for the non-payment of the balance of initial spectrum fee, with an immediate demand for the payment of the said amount. The Company thereafter submitted a detailed response against the show cause notice to the PTA, raising several legal and factual grounds but the PTA, without appreciating those facts, issued a final determination order dated, May 11, 2011 demanding the payment of this fee along with late payment charges.

The Company instituted an appeal against the above said Order in the Islamabad High Court seeking to set it aside on the basis that the same was issued in undue haste and without affording the Company an opportunity of hearing. The Court was pleased to grant an injunction against PTA through its order, dated June 13, 2011. Further, a Civil Suit has also been filed jointly by the Company, DVCOM Data (Private) Limited and Great Bear International Services (Private) Limited in the High Court of Islamabad seeking a declaration as to the continuation of the moratorium on the payment of this balance of Initial Spectrum Fees, which is currently pending adjudication.

Subsequent to the end of the current year, the Ministry of Information Technology and Telecommunication, vide its letter dated August 30, 2011, has accepted the long outstanding request of the WLL industry and has instructed the PTA to collect the balance fees in installments, the details of which are yet to be finalized. In view of the legal advisor of the Company, this implies that the PTA will have to permit the Licensees (including the Company) to start paying the balance Initial Spectrum Fee in installments, the first of which cannot be demanded before August 2014, as the Initial Spectrum Fee has already been paid until that time.

The legal advisor of the Company has opined that there is more than an even chance of success in the current lawsuit and that the PTA can no longer make demands for balance of Initial Spectrum Fee till at least August 2014 as the same would be completely contradictory to the said letter issued by the Ministry of Information Technology. Accordingly, for this reason, the management has classified the said liability as non-current.

The spectrum fee had been discounted to present value of future cash flows, using an effective interest rate of 11% per annum, until the year ended June 30, 2010.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
25. DUE TO EMPLOYEES			
Amount due to employees	25.1	10,516	35,217
Current portion shown under current liabilities	30	(10,288)	(12,078)
		288	23,139

25.1 This represents the outstanding balance of gratuity payable to the employees under "Non-Workmen Category" as a result of the introduction of a loyalty drawing program by the Group during the year ended June 30, 2008. According to the program, the Group froze the balance on account of gratuity accumulated up to March 31, 2008 in respect of such employees and transferred the balance amounting to Rs.73.572 million from staff gratuity to due to employees. The balance is payable to employees in 48 equal monthly installments. If for any reason, the employment ceases at any time prior to 48 months, the amount of un-drawn installments shall stand forfeited. Further, if an employee who is covered under the staff gratuity (deferred liability) is promoted to "Non-Workmen Category", his balance of gratuity is transferred to due to employees in the year of promotion, and paid as per the terms mentioned above.

26. TRADE AND OTHER PAYABLES

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
Trade			
Pakistan Telecommunication Company Limited			
Wireless Payphone Service (WPS)	26.1	609,708	609,708
LL & LDI charges		48,059	53,481
Others		1,591	5,608
		659,358	668,797
ZTE Corporation Limited		31,486	35,576
Alcatel Lucent Pakistan Limited		-	513,600
Others		278,470	662,534
		969,314	1,880,507
Other payables			
Current accounts with related parties	26.2	18,343	40,594
Pakistan Telecommunication Authority	37	41,989	37,703
Advances from customers and franchisees	26.3	12,164	15,636
Unearned income from wireless payphone cards		90,969	142,328
Accrued liabilities		48,288	49,179
Unclaimed dividend		6,216	6,216
Sales tax – net		60,040	66,969
Income tax deducted at source	26 .4 & 26.5	263,359	177,766
Workers' Welfare Fund		7,770	51,112
Others		1,716	1,651
		550,854	589,154
		1,520,168	2,469,661

26.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs.968.000 (2010: Rs.968.000) million on account of air time charges, line rent and access charges and Rs.276.000 (2010: Rs.276.000) million in respect of leased line charges from the Group. Further, the PTCL raised bills for Rs.50.912 and Rs.102.080 million for the years ended June 30, 2009, and June 30, 2010 respectively, for WPS charges. Hence, total amount claimed by the PTCL as at June 30, 2011 amounted to Rs.1,396.992 (2010: Rs.1,396.992) million. However, the management, while acknowledging the liability to the extent of Rs.609.708 (2010: Rs.609.708) million does not accept liability for the remaining sum of Rs.787.284 (2010: Rs.787.284) million and has not recorded the same in these financial statements. In this respect, the Group, during the year ended June 30, 2007, paid a sum of Rs.100.000 million to the PTCL under protest to ensure uninterrupted WPS. Further, the Group also paid a sum of Rs.189.725 million under protest during the year ended June 30, 2009, including Rs.170.000 million discussed in detail in the following paragraph, and recorded the above amounts, aggregating to Rs.289.725 (2010: Rs.289.725) million, as due from the PTCL under other receivables (note 15) and has not adjusted the same in these financial statements, pending the final resolution of the arbitration proceedings.

During the year ended June 30, 2008, a notice was served by the PTCL to the Group, stating that unless the above referred sum was paid, the PTCL would suspend the WPS service to the Group. The Group approached the Court in this matter, praying the declaration of the above referred notice as unlawful, and seeking at the same time, a permanent injunction, restraining the PTCL from suspending the said service. The Court issued an Order, dated February 26, 2008 and instructed PTCL not to suspend the WPS service provided the Group to continued to pay Rs.17.000 million per month to the PTCL irrespective of the amount invoiced by the PTCL, with the said amount subject to final determination upon completion of the arbitration process, which is currently under progress. Based on said Order, the Group has paid a sum of Rs.170.000 million to PTCL for the period commencing May 2008 to February 2009. Thereafter, the Group stopped paying the said amount to the PTCL, as services under the WPS Agreement were no longer required.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
26.2 Related parties			
World Trade Center (Private) Limited		12,345	25,193
Total Telecom Limited		402	402
Envicon (Private) Limited		52	52
Arfeen International (Private) Limited		841	9,663
Instaphone (Private) Limited		-	1,301
Chaman Investment (Private) Limited		4,703	3,983
		18,343	40,594

26.2.1 These represent balances due to related parties in respect of services received therefrom. These carry mark-up at the rate of six months KIBOR plus 3.5% (2010: six months KIBOR plus 3.5%) per annum.

26.3 These include advances from franchisees amounting to Rs.0.200 million, repayable on the termination of agreements with the franchisees.

26.4 This includes a sum of Rs.12.738 (2010: Rs.12.738) million, representing tax deductions from payments made to a foreign Satellite Service Provider, as discussed in more detailed in note 31.8.

26.5 In addition, the Group has withheld an aggregate sum of Rs.88.355 (current year deduction Rs.60.739) million from payments made to SpaceCom International LLC., New Skies Satellite B.V., Orange Business Services and China Orient Satellite Company Limited (foreign Satellite Bandwidth Providers). During the current year, the Group filed an application to the Commissioner of Inland Revenue, seeking exemption from the requirements of withholding tax from payment to SpaceCom International LLC., and New Skies Satellite B.V. For the other two companies the Group is in the process of filing the same. The Group has prayed that the said Satellite Bandwidth Providers do not have any permanent establishment in Pakistan and further, their countries of origin, United States of America, Netherlands, United Kingdom and China, have double tax treaties with Pakistan. Hence, the payments are considered to be outside the scope of taxation. Pending a final decision in this matter, the Group has not deposited the said withholding tax.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in ‘000) -------	
27. ACCRUED / INTEREST MARK-UP			
On secured:			
Long-term loans	20	24,030	18,888
Redeemable capital	21	65,511	15,184
Short-term loan obtained and repaid during the year		-	3,128
Short-term running finances	28	15,520	8,830
		105,061	46,030
On unsecured:			
Short-term borrowing – related party	29	-	8,228
Current accounts with related parties	26.2.1	144	19,759
		105,205	74,017
28. SHORT-TERM RUNNING FINANCES			
From banks – secured		437,836	269,771

The Group has arranged short-term running finance facilities, aggregating to Rs.480.000 (2010: Rs.330.000) million from various commercial banks. These carry mark-up ranging between three months KIBOR plus 2.75% to six months KIBOR plus 3% (2010: three months KIBOR plus 2.75% to six months KIBOR plus 3%) per annum, payable quarterly. The purchase prices are repayable on various dates, latest by February 28, 2012. These facilities are secured against first pari passu hypothecation charge over current assets of the Group to the extent of Rs.394.000 (2010: Rs.394.000) million, as well as ranking charge over fixed assets of the Group to the extent of Rs.400.000 million (2010: Nil).

29. SHORT-TERM BORROWING

Unsecured			
Loan from a related party			
Arfeen International (Private) Limited		-	17,000

29.1 The loan from the above referred related party carries markup at the rate of 15% (2010: 15%) per annum, and is repayable on demand.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in ‘000) -------	

30. CURRENT MATURITIES OF LONG-TERM LIABILITIES

	Note	June 30, 2011	June 30, 2010
Long-term loans	20	79,875	97,125
Redeemable capital (TFCs)	21	405,840	211,680
Liabilities against assets subject to finance lease		13,309	14,949
Long-term deposits	23	33,314	33,313
Due to employees	25	10,288	12,078
		542,626	369,145

31. CONTINGENCIES AND COMMITMENTS

Contingencies

31.1 The Group has filed an appeal under section 7(1) of the Pakistan Telecommunication (Re-organisation) Act, 1996 before the Islamabad High Court against the decision / determination of the PTA dated, November 18, 2008, whereby it directed the Group to pay Rs.137.651 million by December 15, 2008 in respect of annual regulatory dues for various years, commencing June 30, 2006. The above sum includes annual license fee, research and development fund contribution, annual radio spectrum frequency fee and radio base station charges along with late payment charges. The Islamabad High Court, vide its Order dated, March 19, 2009, suspended the aforesaid impugned Order of the PTA subject to the payment of Rs.36.000 million by the Group (which is the Group’s admitted liability owed to the PTA excluding late payment charges). The Group paid that amount within the due date.

During the year, the Court dismissed the appeal as having become infructous on the basis of an incorrect statement by PTA’s counsel that the Group has paid the amount and, therefore, the matter has been resolved. The Company filed an application under section 12(2) CPC praying that the subject amounts have not been paid and consequently the dispute still needs adjudication. The Court restored the Stay Order initially granted to the Group.

The above appeal will be fixed for final arguments by the above referred Court. In the meantime, the Order remains suspended. Subject to the final determination of the above by the said Court, no provision for the remaining balance of Rs.101.651 million has been made in these financial statements.

31.2 During the year ended June 30, 2009, the PTA issued a show cause notice to the Group, alleging that the Group has violated the Access Promotion Rules, 2004 and Access Promotion Regulations, 2005 in respect of reporting requirements and certain discrepancies in the data provided to the PTA under the said rules / regulations. The Group has taken strong exceptions to the allegations being unfounded and made in undue haste without affording the Group an opportunity to explain its position which could have avoided the need for issuance of a show cause notice to start with. In particular, the Group has stated that complete data was provided to the PTA and the PTA had no occasion to allege violation of the requirements of the rules / regulations. This was stated without prejudice to the Company’s stance before the Supreme Court of Pakistan regarding the vary vires of the AP Rules, 2004 and AP Regulations, 2005 under which the aforementioned show cause notice has been issued to the Group.

Thereafter, during the current year, the PTA issued a Determination dated October 31, 2010, in respect of the above matter, 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 which is currently pending before the Islamabad High Court interalia praying that the opportunity of being heard be afforded to the Group and the amount determined in the said Determination be corrected in view of the Group's application.

In view of the Group's legal advisor, at this juncture, amount of penalties, if any, imposed by the PTA on above referred irregularities cannot be ascertained, hence, no provision has been made by the Group for any liability that may arise as a result of this matter in these financial statements.

31.3 The Group filed a law suit against the Karachi Building Control Authority (KBCA) before the High Court of Sindh (the Court), for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The KBCA has instructed all cellular phone companies to regularise their antenna which involves obtaining an NOC from the KBCA, and a Stability Certificate within 15 days from the date of that notice, failing which the defendant has threatened to dismantle the antennas and / or take legal action. The Court has granted interim injunction and matter is pending for hearing of application. In view of the Group's legal advisor, it is not possible at this juncture to assess and estimate the financial impact of the case in question, however, the Group has a good arguable case and is likely to succeed and as such is not likely to suffer any loss on account of this litigation. Hence, no provision for any liability that may arise as a result of this matter has been recorded by the Group in these financial statements.

31.4 A suit has been filed by a shareholder of the Group in Islamabad High Court for the recovery of Rs.4.922 million along with mark up at the rate of 2% per annum above prevailing bank rate. It is claimed in the suit that the plaintiff suffered a loss while trading in the Group's shares in the capital market and requested for compensation. The Group, based on the assessment of its legal advisor, is confident that the outcome of the case will be in its favor and, hence, no liability in this respect will arise. Accordingly, no provision has been made for the same in these financial statements pending a final decision in this matter.

31.5 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Holding 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 Holding Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs.59.812 million. The Holding Company has filed appeals against these cases with High Court of Sindh (the Court), which are currently pending.

The income tax return filed by the Holding Company for the tax year 2003 was subjected to tax audit. An Order has been passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001, whereby income has been assessed at Rs.56.923 million against the reported tax loss of Rs.5,945 million. The Holding Company has filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which has decided the case against the Holding Company, after admitting an adjustment of tax refundable, amounting to Rs.4.529 million, against tax demand of Rs.19.358 million, thus creating a final tax demand of Rs.14.789 million. The Holding Company has filed an appeal in the Court, which has not been heard to-date.

The income tax assessments of Supernet Limited, a Subsidiary Company have been finalised up to and including the tax year 2010. While finalising the Subsidiary Company's income tax assessments for the assessment years 1997-98 to 2002-03, the taxation officer had not allowed credit of taxes paid by the Subsidiary Company, aggregating Rs.17.078 million, on account of non-verifiability of payment challans. The Subsidiary Company through its Tax Consultants has applied for a rectification for Rs.15.605 million and separate rectification application of Rs.1.473 million will be filed in near the future. The management is confident that the eventual outcome of the matter will be decided in favour of the Subsidiary Company. Accordingly, no adjustment has been made to the above, shown under advance income tax in note 16, pending a final decision in this matter.

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.91.679 (2010: Rs.102.050) million. However, the management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and, hence, no additional provision has been considered necessary in these financial statements.

31.6 PTCL's claim amounting to Rs.1,556.000 (2010: Rs.1,541.620) 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. Hence, no provision has been made against the same in these financial statements.

31.7 During the year ended June 30, 2010, the PTA issued a determination relating to the Annual Regulatory Dues for 2008 and demanded a payment of Rs.54.548 million. The Company has challenged the determination in the High Court of Sindh, mainly on the ground that the PTA can only claim Annual Regulatory Dues on the licensed services and not on the non-licensed revenue streams. In view of the Company's legal advisor, the Company has a good arguable case on merits and is likely to succeed. Accordingly, as the case is pending adjudication, no provision has been made for the same in these financial statements pending a final decision.

31.8 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 Supernet Limited, a Subsidiary Company for the recovery of transponder service fee, inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs.27.934 (2010: Rs.27.788) million. Out of this amount, a sum of Rs.12.738 (2010: Rs.12.738) million had been withheld from the payments made by the said Subsidiary Company to the above-referred entity and is included in the income tax deducted at source in note 26.4. The balance amount of Rs.15.196 (2010: Rs.15.050) million has not been provided for in these financial statements as the Subsidiary Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Company's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

31.9 A suit was filed by Huawei Technologies Company Limited, China, in the High Court of Sindh against Supernet Limited, a Subsidiary Company for the return of certain equipment or payment of US$300,000 equivalent to Rs.25.815 (2010: Rs.25.680) million and a compensation of US$270,000, [approximately Rs.23.234 (2010: Rs.23.112) million] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the said Subsidiary Company in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The Subsidiary Company's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Subsidiary Company's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

31.10 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 15.2, 15.3, 15.4, 15.5, and 26.1 to the financial statements. Pending resolutions of these matters no provision has been made against the amounts disclosed in these notes.

31.11 Contingency in respect of the PTA claim for APC for USF is disclosed in note 15.6 to the financial statements against which no provision has been made in these financial statements in accordance with the advice of the legal advisor.

31.12 Contingency relating to accrued mark-up is disclosed in note 14.1 to the financial statements against which no provision has been made for the reason disclosed in the said note.

31.13 Counter guarantees given to banks amounting to Rs.182.900 (2010: Rs.371.755) million.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

32. REVENUE – Net

	Note	June 30, 2011	June 30, 2010
Turnover		2,500,369	2,736,212
Trade discounts		(18,913)	(33,854)
		2,481,456	2,702,358
Services rendered to the Contractor	22.1	-	230,724
Sale of equipment		108,130	731,529
		2,589,586	3,664,611

33. DIRECT COSTS

	Note	June 30, 2011	June 30, 2010
Salaries and other benefits	33.1	56,691	43,263
Interconnect charges – net		473,129	587,963
Network media charges		80,956	79,675
Network sites rent		163,367	143,515
Network sites utilities and maintenance		110,345	106,923
Satellite communication charges		544,022	175,746
Cost of cards sold	33.2	1,479	1,996
Communication stores consumed	33.3	10,171	549,187
Provision against slow moving stores	10.1	553	3,840
i-Direct costs		6,628	20,178
Repair and maintenance		290	510
Royalty		6,374	4,178
Consultancy charges		18,967	19,097
Printing and stationery		53	109
Conveyance and travelling		13,919	5,053
Communication		1,821	1,229
Insurance		11,427	13,623
Annual license fee		27,945	37,575
Depreciation	6.1.5	520,889	718,298
Amortisation	7.4	181,517	187,908
Others		997	629
		2,231,540	2,700,495

33.1 This includes a sum of Rs.0.309 (2010: Rs.0.203) million in respect of the Group's contribution to the Provident Fund and Rs.0.276 (2010: Rs.0.267) million in respect of the Staff Gratuity.

33.2 Cost of cards sold

	June 30, 2011	June 30, 2010
Opening stock	8,836	8,857
Purchases	(6,495)	1,975
	2,341	10,832
Closing stock	(862)	(8,836)
	1,479	1,996

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

33.3 Communication stores consumed

Opening stock		100,346	110,704
Purchases		18,256	529,492
		118,602	640,196
Closing stock		(108,431)	(91,009)
		10,171	549,187

34. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	Note	June 30, 2011	June 30, 2010
Salaries and other benefits	34.1	278,923	231,286
Postage, telephone and telex		3,702	4,219
Vehicles running and maintenance		23,992	21,990
Travelling and entertainment		13,697	15,401
Office security and maintenance		10,050	8,080
Stationery		6,870	5,507
Rent and utilities		94,379	116,128
Insurance		6,105	6,968
Legal and professional charges		9,070	22,634
Auditors' remuneration	34.2	4,751	4,838
Donation		1,057	1,000
Sales promotion and marketing		18,925	15,787
Fee and subscription		2,024	2,367
Depreciation	6.1.5	13,033	15,780
Amortisation	7.4	65	65
Repair and maintenance		865	868
Communication		1,183	3,303
Bad debts written off		-	-
Provision for long term advances considered doubtful	8.5	-	1,157
Provision for long term deposits considered doubtful	9.3	-	1,038
Provision for debts considered doubtful	11.2	50,639	116,333
Provision for advances considered doubtful	12.2	6,728	1,205
Provision for additional tax and penalties		4,662	14,426
Stock written off		8,184	-
Others		1,017	1,402
		559,921	611,782

34.1 This includes Rs.3.927 million in respect of gratuity expense for the year [(2010: Rs.11.322 million) reversal of gratuity expense] and Rs.1.929 (2010: Rs.0.375) million in respect of the Company's contribution towards provident fund.

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

34.2 Auditors' remuneration

Fee for the audit of annual financial statements	2,400	2,150
Fee for the audit of consolidated financial statements	350	350
Fee for the review of half yearly financial statements and special certifications	980	1,025
Tax services	631	850
Out-of-pocket expenses	390	463
	4,751	4,838

35. OTHER OPERATING EXPENSES

Exchange loss - net	1,016	22,929
Workers' Welfare Fund	2,896	39,916
	3,912	62,845

36. OTHER OPERATING INCOME

Mark-up on current accounts with related parties	2,598	4,865
Return on bank deposits and term deposit receipt	4,907	1,419
Gain on sale of fixed assets	-	2,090
Provision against other receivables considered doubtful written back	562	317
Spectrum maintenance fee	-	11,909
Exchange gain - net	2,524	14,961
Professional service to a related party	54,000	-
Scrap sales	3,358	-
Others	197	3,759
	68,146	39,320

37. LIABILITIES NO LONGER PAYABLE WRITTEN BACK

	Note		
Alcatel Lucent Pakistan Limited (trade creditor)	26 & 37.1	516,000	-
Workers' Welfare Fund	37.2	19,405	-
Due to employees	25 & 37.3	11,346	-
Other payable to PTA		1,956	79,706
Other trade creditors		-	15,603
		548,707	95,309

37.1 The Group entered into a supply contract with Lucent Technologies International Sale (LTIS) in 2004 for the supply of a CDMA technology based WLL telecommunication system to replace its network in certain markets. The parties reached an understanding that the Group will purchase US$8.8 million worth of equipment and services in cash on the condition that LTIS will provide an additional US$6 million worth of equipment and services on financing. Repayment under the financing was conditional upon generation of additional revenues by the Group in the markets in which the network was installed. LTIS also indicated the availability of additional financing for further expansion phases. The network equipment was deployed in 2005 and a liability of Rs.364.000 million was recorded in the books. The current value of this liability on the current exchange rate is Rs.516.000 million.

37.1 The Group entered into a supply contract with Lucent Technologies International Sale (LTIS) in 2004 for the supply of a CDMA technology based WLL telecommunication system to replace its network in certain markets. The parties reached an understanding that the Group will purchase US$8.8 million worth of equipment and services in cash on the condition that LTIS will provide an additional US$6 million worth of equipment and services on financing. Repayment under the financing was conditional upon generation of additional revenues by the Group in the markets in which the network was installed. LTIS also indicated the availability of additional financing for further expansion phases. The network equipment was deployed in 2005 and a liability of Rs.364.000 million was recorded in the books. The current value of this liability on the current exchange rate is Rs.516.000 million.

Subsequently, due to a number of reasons, including the decline in call prices and reduction in demand for payphone services, the Group was not able to increase its revenues from the relevant markets over and above the agreed threshold. At the request of LTIS, the parties explored alternatives but none of these were successfully implemented. Meanwhile, LTIS was acquired by Alcatel of France to form Alcatel-Lucent (ALU).

As Alcatel was an established supplier of GSM networks in Pakistan, the merged entity ALU is less focused on growing the CDMA networks business as compared to LTIS and this has hindered any further business between the Group and ALU.

In the light of the above, the management does not consider the US$6.0 million financing as repayable to ALU any longer, and believes continuing to carry this as a liability in its books will not provide a true and fair picture of its business. The management has, therefore, written back this liability in these financial statements.

37.2 This represents write back of excess provision charged by the Group during the years ended June 30, 2009 and June 30, 2010.

37.3 This represents the amount of un-drawn installments which were forfeited and taken to income during the current year on account of cessation of employment of certain employees (note 25.1).

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in ‘000) -------	
38. FINANCE COSTS			
Mark-up on secured:			
Redeemable capital		153,694	183,487
Long term loans		78,955	107,039
Finance lease arrangements		257	1,444
Short term running finances		39,554	53,185
Short term borrowings		-	4,274
Current accounts with related parties		144	19,996
Imputed interest on spectrum fee	24.3	-	157,122
Bank charges		5,078	8,693
		277,682	535,240

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	

39. TAXATION

	Note	June 30, 2011	June 30, 2010
Current	39.1	30,666	44,761
Prior		(7,544)	(473)
Deferred		19,743	499,201
Flood relief surcharge		723	-
		43,588	543,489

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

40. EARNINGS PER SHARE – basic and diluted

	June 30, 2011	June 30, 2010
Profit after tax for the year	89,796	824,147
	Number of shares	
Weighted average number of shares	300,000,000	300,000,000
	------- (Rupees) -------	
Basic earnings per share	0.30	2.75

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

41. CASH GENERATED FROM OPERATIONS

	Note	June 30, 2011	June 30, 2010
Profit before taxation		133,384	1,367,636
Adjustments for non-cash charges and other items:			
Depreciation	6.1.5	533,922	734,078
Amortisation	7	181,582	187,973
Provision / (reversal) for gratuity		2,232	(11,322)
Finance costs		272,604	378,118
Interest on PTA license fee		-	157,122
Provision for compensated absences		1,514	-
Provision for debts considered doubtful	34	50,639	116,333
Provision against advances considered doubtful	34	6,728	3,400
Provision against other receivables considered doubtful written back		(562)	(317)
Provision against slow moving stores	33	553	3,840
Profit on sale of fixed assets		-	(2,090)
Profit on sale of intangible assets		-	(1,478,758)
		1,049,212	88,377
Profit before working capital changes		1,182,596	1,456,013

	Note	June 30, 2011	June 30, 2010
		------- (Rupees in '000) -------	
Decrease / (increase) in current assets			
Communication stores		(8,634)	15,855
Stock-in-trade		7,974	21
Trade debts		560,357	(450,589)
Loans and advances		(20,703)	(20,306)
Deposits and prepayments		21,290	(65,015)
Other receivables		(57,695)	(1,878,866)
Short-term investment and accrued mark-up		16,584	(4,671)
		519,173	(2,415,074)
Increase / (decrease) in trade and other payables		(949,493)	286,118
Cash generated from / (utilised in) operations		752,276	(661,440)

42. CASH AND CASH EQUIVALENT

	Note	June 30, 2011	June 30, 2010
Short term investments		31,799	9,571
Cash and bank balances	18	16,926	82,451
		48,725	92,022

43. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR

	2011			2010		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	-------------- (Rs. in '000) --------------			------------- (Rs. in '000) -------------		
Managerial remuneration	14,931	5,806	44,198	5,161	13,099	50,724
Other perquisites and benefits:						
House rent	2,613	2,613	16,607	2,322	2,613	14,833
Medical	70	-	625	-	35	844
Retirement benefits	-	-	1,103	188	-	1,591
Utilities	6,530	-	4,806	516	581	3,296
Perquisites and benefits	760	-	482	-	4,806	17,293
Leave passage	581	581	3,691	-	482	1,431
	10,554	3,194	27,314	3,026	8,517	39,288
	25,485	9,000	71,512	8,187	21,616	90,012
Number of persons	2	1	35	1	2	52

43.1 The Chief Executive Officer and a Director of the Group are also provided with the free use of the Group maintained car and other benefits in accordance with their terms of service.

44. 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.

44.1 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.

44.1.1 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, 2011, the Group is exposed to such risk mainly in respect of long-term and short-term borrowings and short-term investments and loan. When the Group has surplus cash available for investment, it minimizes the interest rate risk by investing in fixed rate investments like Term Deposit Receipts and fixed rate saving accounts in banks.

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.13.630 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.

44.1.2 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, 2011 US$	June 30,2010 US$
Trade debts	904,642	2,096,323
Bank balances	15,703	257,254
Trade and other payables	(401,925)	(6,591,724)
	518,420	(4,238,147)

	June 30, 2011 Rupees	June 30,2010 Rupees
The following significant exchange rates have been applied at the reporting dates:		
Exchange rate	85.85	85.6

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, 2011	+10	4,451	4,451
	-10	(4,451)	(4,451)
June 30, 2010	+10	(36,279)	(36,279)
	-10	36,279	36,279

44.1.3 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, 2011 the Group is not exposed to equity price risk.

44.2 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, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Trade debts	448,850	1,057,917
Short-term investment	31,799	9,571
Long-term loans and advances	5,820	6,012
Long-term deposits	96,713	91,275
Loans and advances	64,132	50,157
Accrued mark-up	49,978	66,562
Bank balances	16,926	82,452
	714,218	1,363,946

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:

	June 30, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Trade debts		
Customers with no defaults in the past one year	448,850	1,057,917
Short-term investment		
A-3	31,799	9,571
Bank balances		
A1+	6,733	49,014
A1	9,879	10,327
A2	176	-
A-2	62	-
A-1+	20	-
A1-	56	130
A3	-	22,981
	16,926	82,452

44.3 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. At the balance sheet date, the Group has unavailed credit facility of Rs.42.200 (2010: Rs.60.229) million. The table below summarizes 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	Greater than 5 years	Total
	----------------------------(Rupees in '000)----------------------------				
Long-term loans	-	79,875	201,625	-	281,500
Redeemable capital	-	405,840	476,160	-	882,000
Long-term deposits	-	33,313	93,038	-	126,351
Spectrum Fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	247,828	1,272,341	-	-	1,520,169
Accrued mark-up	105,205	-	-	-	105,205
Short-term running finances	145,101	292,735	-	-	437,836
June 30, 2011	498,134	2,084,104	2,356,323	-	4,938,561
Long-term loans	-	97,125	502,000	-	599,125
Redeemable capital	-	211,680	776,160	-	987,840
Liabilities against assets subject to finance leases	-	1,640	-	-	1,640
Long-term deposits	-	33,313	127,739	-	161,052
Spectrum Fee payable	-	24,056	1,585,500	-	1,609,556
Trade and other payables	612,770	1,856,891	-	-	2,469,661
Accrued mark-up	74,017	-	-	-	74,017
Short-term running finances	-	269,771	-	-	269,771
Short-term borrowing	72,195	-	-	-	72,195
June 30, 2010	758,982	2,513,928	2,990,899	-	6,244,857

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

44.4 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 arms length transaction.

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

44.5 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, 2011	June 30, 2010
	------- (Rupees in '000) -------	
Long-term loans	281,500	599,125
Redeemable capital	882,500	987,840
Obligation under finance leases	-	1,640
Due to PTA	1,585,500	1,585,500
Debt	2,749,500	3,174,105
Issued, subscribed and paid-up capital	3,000,000	3,000,000
Unappropriated profit / (Accumulated loss)	734,375	674,579
Total capital	3,734,375	3,674,579
Capital and debt	6,483,375	6,848,684
Gearing ratio	42.4%	46.3%

45. TRANSACTIONS WITH RELATED PARTIES

The related parties include Subsidiary Companies, 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 consolidated financial statements are as under:

Entities having directors in common with the Group

	June 30, 2011	June 30, 2010
Pakcom Limited		
Services rendered	-	3,796
Services received	-	58,917
Mark-up charged during the year	2,039	4,550
Arfeen International (Private) Limited		
Sale of fixed assets	8,228	-
Payments made on behalf of the Group	403	-
Payments made by the Group	1,296	377
Repayment of long-term loan	17,000	53,100
Markup charged during the year	144	-
Rent charged during the year	5,549	5,615
Loan obtained during the year	-	34,600
Total Telecom Limited		
Payments made on behalf of the Group	-	1,508
Markup charged during the year	-	11,556
Payment of mark-up made during the year	-	44,807

Chaman Investment (Private) Limited		
Services rendered	720	864
World Trade Center (Private) Limited		
Services rendered	14,845	395
Service received	61,077	72,265
Markup on current account	-	19,759
Envicrete Limited		
Mark-up charged	-	72
Payment made on behalf of the Group	203	131
Grand Leisure Corporation (Private) Limited		
Services rendered	180	180
Payment made on behalf of the Group	-	23
Provident Fund		
Contribution during the year	3,493	3,371
Instaphone Infrastructure (Private) Limited		
Payment made by the Group	38,232	11,809
Services rendered	54,000	12,913
Services received	78,015	-
Mark-up charged during the year	183	-
Instaphone (Private) Limited		
Payment made by the Group	8,024	958
Services rendered	-	2,880
Services received	-	16,973
Mark-up charged	498	99

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

46. CORRESPONDING FIGURES

The following major corresponding figures have been reclassified for the purposes of better presentation:

From	To	(Rupees in '000)
Other income	Revenue	35,409
Deferred taxation	Deferred liabilities	171,358
Due to PTA (Spectrum Fee payable)	Deferred liabilities	1,585,500

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 22 October, 2011 by the Board of Directors of the Company.

48. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive

Director

Pattern of Shareholding
As at June 30, 2011

Number of share Holders	Share Holding From	To	Total Share Held
137	1	100	7,014
616	101	500	283,969
987	501	1000	975,410
1923	1001	5000	6,043,709
720	5001	10000	6,121,777
284	10001	15000	3,774,811
207	15001	20000	3,903,062
125	20001	25000	3,000,544
94	25001	30000	2,685,817
41	30001	35000	1,374,230
48	35001	40000	1,840,747
22	40001	45000	959,500
66	45001	50000	3,260,559
25	50001	55000	1,327,108
18	55001	60000	1,056,093
8	60001	65000	507,334
16	65001	70000	1,086,728
17	70001	75000	1,265,600
14	75001	80000	1,080,964
11	80001	85000	922,556
4	85001	90000	359,990
7	90001	95000	648,621
37	95001	100000	3,687,804
11	100001	105000	1,129,172
5	105001	110000	538,212
8	110001	115000	908,700
4	115001	120000	476,000
9	120001	125000	1,106,404
8	125001	130000	1,023,322
4	130001	135000	532,800
2	135001	140000	278,596
2	140001	145000	287,000
12	145001	150000	1,794,600
3	150001	155000	458,000
1	155001	160000	156,302
2	160001	165000	327,018
1	165001	170000	168,000
4	170001	175000	699,422
1	175001	180000	178,000
1	180001	185000	184,746
2	185001	190000	376,134
9	195001	200000	1,795,508
1	200001	205000	205,000
1	205001	210000	209,129
1	215001	220000	218,000
1	220001	225000	221,940
2	225001	230000	455,555
2	230001	235000	470,000
3	235001	240000	716,794
1	245001	250000	247,000
1	250001	255000	254,354
1	260001	265000	260,290
1	265001	270000	267,000

Number of share Holders	Share Holding From	To	Total Share Held
1	270001	275000	270,763
1	275001	280000	280,000
3	295001	300000	900,000
1	300001	305000	301,000
2	305001	310000	620,000
2	315001	320000	640,000
3	325001	330000	985,003
2	330001	335000	664,431
2	335001	340000	678,690
2	345001	350000	700,000
1	350001	355000	352,646
1	370001	375000	371,215
6	395001	400000	2,397,500
1	400001	405000	401,600
1	410001	415000	410,319
1	420001	425000	421,800
2	430001	435000	868,000
1	440001	445000	444,000
2	445001	450000	899,735
1	450001	455000	454,459
1	480001	485000	485,000
4	495001	500000	2,000,000
1	505001	510000	506,900
1	515001	520000	520,000
1	520001	525000	520,355
1	525001	530000	527,932
2	595001	600000	1,200,000
1	630001	635000	634,375
1	725001	730000	727,255
1	780001	785000	782,519
1	805001	810000	807,100
1	885001	890000	886,430
1	895001	900000	896,430
2	905001	910000	1,812,856
1	970001	975000	975,000
1	995001	1000000	1,000,000
1	1420001	1425000	1,423,500
1	2395001	2400000	2,400,000
1	2450001	2455000	2,450,900
1	2495001	2500000	2,500,000
1	2995001	3000000	2,996,749
1	3385001	3390000	3,385,500
1	3840001	3845000	3,844,741
1	3890001	3895000	3,894,858
1	5005001	5010000	5,005,876
1	5130001	5135000	5,135,000
1	5830001	5835000	5,834,593
1	7315001	7320000	7,320,000
1	8995001	9000000	9,000,000
1	9895001	9900000	9,900,000
1	13070001	13075000	13,071,500
1	22725001	22730000	22,727,180
1	24370001	24375000	24,370,345
1	29095001	29100000	29,100,000
1	56175001	56180000	56,179,000
5,607			300,000,000

Catagories of Shareholders

As at June 30,2011

Name	NO OF SHARES	NOS	%
INDIVIDUALS	112,699,137	5,498	38
ASSOCIATED COMPANIES			
CHAMAN INVESTMENT (PVT) LTD	34,500	1	0.01
ARFEEN INTERNATIONAL (PVT) LTD	3,086,749	2	1.03
WORLD TRADE CENTER (PVT) LTD	53,470,345	2	17.82
ENVICRETE LIMITED	2,400,000	1	0.80
GATES LTD	3,085,275	2	1.03
	62,076,869	8	20.69
JOINT STOCK COMPANIES	64,246,437	72	21.42
BANKS, DFI'S, NBFI'S, INSURANCE COMPANIES, MODARBAS AND MUTUAL FUNDS & OTHERS	21,204,665	16	7.07
	85,451,102	88	28.48
FOREIGN INVESTORS			
BOSTON SAFE DEPOSIT & TRUST	2,000	1	0.00
LEHMAN BROTHERS SECURITIES	3,400	1	0.00
STATE STREET BANK & TRUST CO.	8,100	1	0.00
BARING SECURITIES NOMINEES LTD	400	1	0.00
ICG USA	2,500,000	1	0.83
INTERNATIONAL COMMUNICATION	7,320,000	1	2.44
GATES INTERNATIONAL	3,894,858	1	1.30
	13,728,758	7	4.58
DIRECTORS,CHIEF EXECUTIVE AND THEIR SPOUSES			
SULTAN UL ARFEEN	1,426,362	1	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	1	7.59
	26,044,134	6	8.21
	300,000,000	5,607	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. ____of __________________________________ or failing him ____ of __________________________________ as my / our proxy to vote for me/us an on my behalf at the Annual General Meeting of the Company to be held on Tuesday 15 November 2011 at 11:00 a.m. at 3rd Floor, 75 East, Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.
Signed this __________________ day of___________________, 2011.

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.