Contents

Company Information:

Board of Directors	Mr. Sultan ul Arfeen (Chairman) Mr. Shams ul Arfeen Syed Aamir Hussain (CEO) Mr. Tipu Saeed Khan Mr. Hissan ul Arfeen Mr. Waseem Ahmad Syed Hashim Ali
Board Audit Committee	Mr. Hissan ul Arfeen (Chairman) Mr. Sultan ul Arfeen Mr. Shams ul Arfeen
Human Resource & Remuneration Committee	Mr. Hissan ul Arfeen (Chairman) Mr. Shams ul Arfeen Syed Aamir Hussain (CEO)
Chief Executive Officer	Syed Aamir Hussain
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Syed Hashim Ali
Auditors	Parker Randall-A.J.S Chartered Accountants
Company Secretary	Mr. Waseem Ahmad
Bank	Bank Islami Pakistan Ltd. Standard Chartered Bank (Pakistan) Ltd Deutsche Bank - AG NIB Bank Ltd. Faysal Bank Limited National Bank of Pakistan Silk Bank Limited Summit Bank Limited
Registrar and Share Transfer Office	Jwaffs Registrar Services Pvt Ltd. 505 5th Floor, Kashif Centre, Near Hotel Mehran Main Shahra-e- Faisal Karachi
Registered Office	3rd Floor, World Trade Centre, 75 East Blue Area Fazal ul Haq Road, Islamabad, Pakistan
Corporate Office	7th Floor, World Trade Centre, 10 Khayaban-e-Roomi, Clifton, Karachi. Pakistan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of the Company will be held on 30 October 2015 at 1200 hours, at 3rd Floor, 75 East Blue Area, Fazal-ul-Haq Road, Islamabad to transact the following business.

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting on 30 October 2014.

2. To receive, consider and adopt Annual Audited Financial Statement of the Company together with the Directors and the Auditors' report thereon for the year ended June 30 2015, together with the Audited Consolidated Financial Statements of the Company and the Auditors' report thereon for the year ended June 30 2015.

3. To appoint external auditors of the Company for the year ended June 30 2016 and fix their remuneration. Present Auditors M/s Parker Randall-A.J.S., Chartered Accountants are retiring and being eligible offer themselves for reappointment.

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

By order of the Board

Waseem Ahmad
Company Secretary

Notes

12 October 2015

1. The Members Register will remain closed from the 23 October 2015 to 30 October 2015 (both days inclusive). Transfer received in order by Shares Registrar, Jwaffs Registrar Services (Pvt.) Limited, 505, 5th Floor, Kashif Centre, Near Hotel Mehran, Main Shahrah-e-Faisal Karachi by the close of business on 22 October 2015 will be considered in time for attending the meeting.

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

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

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

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

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

Directors' Report

The Board of Directors of Telecard Limited is pleased to present the Annual Report, audited financial statements and review of your Company's performance for the year ended 30 June 2015.

Review of Current Operations

The revenue for the year ended 30 June 2015 was Rs. 1.056 billion as against the revenue of Rs. 1.609 billion for the corresponding financial year. The overall decrease in revenue is directly attributable to the decline in international incoming traffic managed under the International Clearing House (ICH). Direct cost of your Company was 18% lower when compared with similar preceding financial year due to optimal utilization of resources. Company has posted Gross Profit of Rs. 277.176 million compared to a Gross Profit of Rs. 658.245 million in 2014.

The administrative and distribution cost was 31% lower when compared with the corresponding financial year due to strict control and continuous cost conscience approach adopted by the management. Finance cost for the year under review was 20% lower when compared with the preceding financial year due to repayment of debts. Hence, due to reduced top line revenue the Company has incurred a loss before taxation for Rs. 23.467 million against a profit before taxation Rs. 88.166 million during the corresponding financial year. The loss per share stood at Rs. (0.13) compared to profit of Rs. 0.23 last time.

On a consolidated basis the total revenue was Rs. 2.644 billion compared to Rs. 2.862 billion in the preceding financial year resulting in net profit of Rs. 13.895 million with a net profit of Rs. 157.406 million in the comparative time frame.

Corporate Strategy and Future Outlook

Within the last few years owing to intense competition in the telecom industry, your Company has made inroads in the segment of Enterprise Sales (ES). The Company is pleased to report that it has made 29% growth on a year-on-year basis in this domain, which is mainly attributable to inclusion of new corporate customers. This will remain the focus of the Company in the next 12-24 months.

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

Term Finance Certificate

Your Company struggled to redeem the overdue TFC installments, due to decrease in revenue stream from LDI. Nonetheless, the Company is trying its level best to make the outstanding payments in the shortest possible time.

Subsidiary Companies

Supernet Limited performance was satisfactory during 2015. It posted total revenue of Rs. 1.736 billion as compared to Rs. 1.348 billion in 2014. Net profit stood at Rs. 53.591 million for the year decreased by 41% in comparison with preceding year's profit of Rs. 90.961 million owing to decrease on account of Other Income. During the year, Telecard E Solutions (Pvt.) Limited posted revenue of Rs. 43.077 million and Gross profit of Rs. 21.108 million in comparison to the revenue of Rs. 28.281 million and Gross Profit of Rs. 9.734 million last financial year respectively. Telegateway Limited in the third year of its operations has posted revenue of Rs. 22.770 million as against Rs. 28.610 million last financial year and Gross Profit of Rs. 8.379 million against Gross Profit of Rs. 8.890 million last year. Other subsidiaries namely Telecard Asia (UK) Limited, Nexus Communication (Pvt) Limited, Globetech Communication (Pvt) Limited, Glitz Communication (Pvt) Limited have yet to start their operations.

Transfer Pricing

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

Directors Declaration on Corporate and Financial Reporting Framework

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

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

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

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

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

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

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

vii The values of investments in employee retirement funds based on the unaudited accounts as of June 30, 2015 is Rs 43.478 million of Staff Provident Fund.

viii There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

Other Information

i Key operating and financial data for the last six years in summarized form is given on page 15.

ii There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding and have not been disclosed in the Financial Statements.

During the year, four (4) Boards of Directors meetings were held and attended as follows:

Name of Directors	No. of meetings attended
Sultan ul Arfeen	4
Shams ul Arfeen	4
Shahid Firoz	3
Syed Aamir Hussain	4
Hissan ul Arfeen	4
Tipu Saeed Khan	4
Waseem Ahmad	3

In the year under review the election of Directors took place on 29 June 2015 and as a consequence to that following persons/individuals have emerged as Directors of the Company for a period of three years:

Sultan ul Arfeen
Shams ul Arfeen
Syed Aamir Hussain
Hissan ul Arfeen
Tipu Saeed Khan
Waseem Ahmad
Syed Hashim Ali

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

Name of Directors	No. of meetings attended
Sultan ul Arfeen	4
Shams ul Arfeen	4
Shahid Firoz	3

During the year Mr. Shahid Firoz (Non Executive Director) retired and Mr. Hissan ul Arfeen was appointed in his place in the Board Audit Committee.

Consolidated Financial Statements

Consolidated Financial Statements of the Company as on 30 June 2015 are annexed.

Auditors

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

Dividends

Due to loss in the year under review the company could not declare any dividend.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2015 is annexed to this report.

Staff

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

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

Six Year Financial Summary
Financial Analysis

	June 2015 Rupees in '000'	June 2014 Rupees in '000'	June 2013 Rupees in '000'	June 2012 Rupees in '000'	June 2011 Rupees in '000'	June 2010 Rupees in '000'
REVENUE- Net	1,055,999	1,609,679	1,820,203	1,436,288	1,651,617	2,444,502
Direct Cost	(778,823)	(951,434)	(1,223,569)	(1,652,677)	(1,480,673)	(1,774,849)
Gross Profit/Loss	277,176	658,245	596,634	(216,389)	170,944	669,653
Distribution costs & administrative expenses	(272,885)	(396,294)	(410,425)	(419,630)	(392,128)	(491,129)
Other operating expenses	(14,508)	(2,678)	(24,684)	(20,303)	(3,298)	(58,848)
Provision for impairment in the value of investment & for other receivables	-	(516,942)	(680,630)	-	-	-
Other income	148,103	546,831	34,868	35,235	70,293	44,757
Gain on sale of intangible asset	-	-	-	-	-	1,478,758
Liabilities no longer payable written back	-	-	-	9,411	548,707	87,927
	(139,290)	(369,083)	(1,080,871)	(395,287)	(223,574)	1,061,465
Operating Profit/(Loss)	137,886	289,162	(484,237)	(611,676)	394,518	1,731,118
Financial costs	(161,353)	(200,996)	(228,311)	(274,947)	(284,159)	(530,449)
(Loss)/Profit before taxation	(23,467)	88,166	(712,548)	(886,623)	110,359	1,200,669
Taxation	(15,198)	(18,797)	255,682	277,643	(35,949)	(502,207)
(Loss)/Profit after taxation	(38,665)	69,369	(456,866)	(608,980)	74,410	698,462
Accumulated (Loss)/Profit b/f	(551,079)	(620,448)	(163,582)	445,398	400,988	(297,474)
	(589,744)	(551,079)	(620,448)	(163,582)	475,398	400,988
Final dividends @ Rs. 0.10 per Ordinary Share of Rs. 10 each for the year ended June 30, 2010	-	-	-	-	(30,000)	-
	(589,744)	(551,079)	(620,448)	(163,582)	445,398	400,988
(Loss) /Earning per share (Rupees)	(0.13)	0.23	(1.52)	(2.03)	0.25	2.33

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 Exchange(s) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The Company held its Election of Directors on 29 June 2015 and following are the elected directors, further the company encourages representation of independent non-executive directors on its Board. At present the Board includes:

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

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

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

4 No casual vacancy occurred during the year.

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

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

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

8 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10 No new appointments of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were made during the year. However, any changes to the remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit have been determined by the CEO with the approval of the Board of Directors.

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

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

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

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

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

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

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

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

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

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

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

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

Syed Aamir Hussain
Chief Executive Officer

October 02, 2015

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Telecard Limited (the Company) for the year ended June 30, 2015 to comply with the Listing Regulation no. 35 of the Karachi and Islamabad Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

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

- Paragraph 1 which describes that the Board of Directors does not comprise of atleast one independent director;
- Paragraph 5, Code of Conduct and relevant policies and procedures are not available on the Company's website.
- Paragraph 8, first quarter Board of Directors' meeting was conducted one day after the end of Quarter i-e October 1st 2014.
- Paragraph 9, which describes that no Director of the Company has attended director's training program during the year that meets the criteria prescribed by the Code.
- Paragraph 18, there is no Head of Internal Audit to act as coordinator between the Firm and the Board.

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

Chartered Accountants

Date: October 08, 2015

Place: Karachi

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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URL: [illegible]
URL: www.parkerrandall.com
Offices also at [illegible]

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Telecard Limited (the Company) as at June 30, 2015 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 conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

   i) the 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 accounts and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the 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 June 30, 2015 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and

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

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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E-mail: [illegible].pk
URL: www.parkerrandall-ajs.pk
URL: www.parkerrandall.com
Offices also at [illegible] & UK

We further draw attention to the contents of:

i) notes 14.2(a) 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 with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made in the accompanying financial statements for any amount that may not be recoverable;

ii) note 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 final decision, the Company has not made any provision in the accompanying financial statements for the amount claimed by the PTCL;

iii) note 14.3 to the accompanying financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the remaining sum of Rs. 2,381.244 million in the accompanying financial statements; and

iv) notes 28.1 to 28.12 to the accompanying financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying financial statements for any liability that may arise there from;

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

Parker Randall-AJS

Chartered Accountants

Audit Engagement Partner: Muhammad Shabbir Kasbati

Date: October 08, 2015

Place: Karachi

TELECARD LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	832,841	1,075,209
Intangible assets	6	1,633,775	1,815,292
		2,466,616	2,890,501
Long-term investments	7	341,437	341,437
Long-term deposits	8	52,452	56,052
Deferred taxation	9	359,335	363,972
		3,219,840	3,651,962
CURRENT ASSETS			
Stock-in-trade		-	302
Trade debts	10	222,432	111,465
Loans and advances	11	18,246	20,901
Deposits and prepayments	12	39,777	112,253
Accrued mark-up	13	28,281	29,526
Other receivables	14	3,184,173	3,045,199
Taxation – net	15	124,800	104,117
Bank balances	16	28,775	40,490
		3,646,484	3,464,253
TOTAL ASSETS		6,866,324	7,116,215
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital authorised 400,000,000 (2014: 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
Unappropriated loss		(589,744)	(551,079)
		2,410,256	2,448,921
NON-CURRENT LIABILITIES			
Long-term loans	18	247,387	61,875
Advance from a subsidiary	19	-	96,753
Advance from a Contractor	20	411,445	424,915
Long-term deposits	21	38,543	52,385
Deferred liabilities	22	1,588,610	1,590,341
		2,285,985	2,226,269
CURRENT LIABILITIES			
Trade and other payables	23	951,112	1,000,701
Accrued interest / mark-up	24	407,848	281,201
Short-term running finances	25	-	168,821
Short-term borrowing	26	51,597	93,757
Current maturities of long-term liabilities	27	759,526	896,545
		2,170,083	2,441,025
Contingencies & commitments	28	-	-
TOTAL EQUITY AND LIABILITIES		6,866,324	7,116,215

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

Chief Executive

Director

TELECARD LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
Revenue – net	29	1,055,999	1,609,679
Direct costs	30	778,823	951,434
Gross profit		277,176	658,245
Distribution costs & administrative expenses	31	272,885	396,294
Other operating expenses	32	14,508	2,678
Provision for impairment in the value of investment & for other receivables	33	-	516,942
		287,393	915,914
Other income	34	(148,103)	(546,831)
		139,290	369,083
Operating profit		137,886	289,162
Finance costs	35	161,353	200,996
(Loss)/profit before taxation		(23,467)	88,166
Taxation	36	(15,198)	(18,797)
Net (loss)/profit for the year		(38,665)	69,369
(Loss)/earnings per share - basic & diluted - (Rupees)	37	(0.13)	0.23

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

Chief Executive

Director

TELECARD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------- (Rupees in '000') -------	
Net (loss)/profit for the year	(38,665)	69,369
Other comprehensive income	-	-
Total comprehensive (loss)/income	(38,665)	69,369

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

Chief Executive

Director

TELECARD LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	344,698	575,534
Income tax paid		(31,243)	(25,195)
Finance costs paid		(30,535)	(172,781)
Retirement benefits paid		(2,239)	(4,138)
Liability for long-term deposits		(13,842)	(11,226)
Advance from subsidiary		(108,146)	(45,531)
Long-term deposits		3,600	(2,596)
Net cash generated from operating activities		162,293	314,067
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(11,568)	(26,351)
Long-term investments		-	(300)
Proceeds from disposal of property, plant and equipment		2,125	4,683
Net cash used in investing activities		(9,443)	(21,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of redeemable capital		(44,595)	(88,425)
Advance from a contractor		(13,470)	(25,999)
Long-term finances		104,481	(61,097)
Short-term borrowings		(42,160)	(77,114)
Short-term running finances		(168,821)	(21,800)
Net cash used in financing activities		(164,565)	(274,435)
Net (decrease)/increase in cash and cash equivalents		(11,715)	17,664
Cash and cash equivalents at the beginning of the year		40,490	22,826
Cash and cash equivalents at the end of the year	16	28,775	40,490

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

Chief Executive

Director

TELECARD LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Un-appropriated loss	Total
	------------------	(Rupees in '000')	------------------
Balance as at June 30, 2013	3,000,000	(620,448)	2,379,552
Net profit for the year	-	69,369	69,369
Other comprehensive income	-	-	-
Total comprehensive income	-	69,369	69,369
Balance as at June 30, 2014	3,000,000	(551,079)	2,448,921
Net (loss) for the year	-	(38,665)	(38,665)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(38,665)	(38,665)
Balance as at June 30, 2015	3,000,000	(589,744)	2,410,256

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

Chief Executive

Director

TELECARD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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 subsidiaries is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones.

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

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

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain employees' benefits and liabilities which have been carried at present value (note 22.1).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following revised standards and interpretations with respect to approved accounting standards would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or interpretation		Effective date (accounting periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IFRS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IFRS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associates	January 01, 2015
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12	Disclousre of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Values Measurements	January 01, 2015
IAS 1	Disclousre initiative (amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amoritization	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The management anticipates that, the adoption of the above revisions and amendments of the standards will not affect materially the Company's financial statements in the period of initial application. In addition to the above amendments, improvements to various accounting standards have also been issued by IASB.

Such improvements are generally effective for accounting periods beginning on or after January 01, 2015. The management anticipates 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 SECP for the purpose of applicability in Pakistan.

Standards

IFRS 9	Financial Instruments: Classification and Measurement
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 13	Fair Value Measurement

4.2 Standards, amendments and interpretations adopted during the year

The Company has adopted the following revised standard amendments and interpretation of IFRSs which become effective during the year.

IAS 19	Employee Benefits (Revised)
IFRS 32	Financial Instruments Presentation
IAS 36	Impairment of Assets
ISA 39	Financial Instruments : Recognition and Measurement
IFRIC 21	Levies

Improvements to accounting standards issued by the IASB

IAS 1	Presentation of Financial Statements - Clarification of the Requirements for Comparative Information
IAS 16	Property, Plant and Equipment - Classification of Servicing Equipment
IAS 32	Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on the financial statements of the Company.

4.3 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of fixed assets.	
Impairment of;	4.4, 5 & 6
> Fixed assets	4.4, 5 & 6
> Long term investments	4.5 & 7
> Trade debts and other receivable	4.7, 10 & 14
Recognition of tax and deferred tax	4.15, 9, 15 & 36
Advance from contractor	20
Other provisions and contingent liabilities	4.21, 14 & 28

4.4 Fixed assets

4.4.1 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 up to 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 statement of comprehensive income.

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 statement of comprehensive income in the year the asset is recognized, except for gain on sale and leaseback transactions, which is deferred and amortized 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 capitalized 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.

4.4.2 Intangible assets

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

4.4.3 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.

4.5 Investments

Subsidiary companies

Investment in a Subsidiary Companies are 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 recognized for the difference between the recoverable amount and the carrying value.

Available for sale

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

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

4.6 Stock in trade

Stock in trade comprises of internet and voice communication 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.

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

4.7 Trade debts and other receivables

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

4.8 Loans, advances and deposits

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

4.9 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 and cheques in hand, balances with banks and short-term investments, if any.

4.10 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.

4.11 Provisions

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

4.12 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized 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.

4.13 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 Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Employees’ benefits

Gratuity fund

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

Provident fund

The Company operates a recognized 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.

4.15 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 recognized, 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 recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

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

4.16 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.

4.17 Borrowing costs

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

4.18 Revenue

Revenue from post paid packages is recognized on accrual basis.

Revenue from connection fee is recognized on sale of connections.

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

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

Return on bank balances is accrued using effective interest method.

4.19 Interconnect charges and liability

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

4.20 Dividend and other appropriation of reserves

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

4.21 Other provisions and contingent liabilities

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

5. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2015	June 30, 2014
Operating fixed assets	5.1	**827,263**	1,071,370
Capital work-in-progress	5.2	**5,578**	3,839
		832,841	1,075,209

5.1 Operating fixed assets

	Note	Cost				Accumulated depreciation				W.D.V.	Depreciation
	Note	As at July 01, 2014	Additions/ Transfers*	(Disposal)	As at June 30, 2015	As at July 01, 2014	For the year	(On disposals)	As at June 30, 2015	As at June 30, 2015	rate Per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	406	31	-	437	188	5%
Apparatus, plant and equipment	5.1.1	6,134,942	6,951	-	6,141,893	5,089,799	247,053	-	5,336,852	805,041	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		46,157	1,098	-	47,255	39,643	2,561	-	42,204	5,051	10%
Computers and related accessories		67,376	1,780	-	69,156	62,592	2,914	-	65,506	3,650	33%
Vehicles		32,986	-	(3,029)	29,957	21,296	1,377	(3,029)	19,644	10,313	20%
June 30, 2015		**6,315,981**	**9,829**	**(3,029)**	**6,322,781**	**5,244,611**	**253,936**	**(3,029)**	**5,495,518**	**827,263**	

The statement of property, plant and equipment for the last year is as follows:

		Cost				Accumulated depreciation				W.D.V.	
	Note	As at July 01, 2013	Additions/ Transfers*	(Disposals)	As at June 30, 2014	As at July 01, 2013	For the year	(On disposals)	As at June 30, 2014	As at June 30, 2014	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Building on freehold land		625	-	-	625	375	31	-	406	219	5%
Apparatus, plant and equipment		5,648,539	8,409 477,994*	-	6,134,942	4,767,483	322,316	-	5,089,799	1,045,143	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		45,551	606	-	46,157	36,599	3,044	-	39,643	6,514	10%
Computers and related accessories		63,981	3,395	-	67,376	59,751	2,841	-	62,592	4,784	33%
Vehicles		27,891	10,101	(5,006)	32,986	24,918	1,384	(5,006)	21,296	11,690	20%
June 30, 2014		**5,820,482**	**500,505**	**(5,006)**	**6,315,981**	**4,920,001**	**329,616**	**(5,006)**	**5,244,611**	**1,071,370**	

5.1.1 The cost of fully depreciated assets as at June 30,2015 is Rs. 3,771.209 (2014: Rs. 3,407.923) million

5.1.2 The following assets were disposed off during the year.

Description	Cost	Acc. dep.	Written down value	Sale proceeds	Gain (loss) on disposal	Mode of sale	Particulars of buyer
	------------------- (Rupees in '000') -----------------						
Vehicles							
Toyota MarkX	3,029	3,029	-	2,125	2,125	Negotiation	Sheikh Hassan Shahzad, Karachi.
June 30, 2015	3,029	3,029	-	2,125	2,125		

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
5.1.3 Depreciation for the year has been allocated as follows:			
Direct costs	30	246,969	322,233
Distribution costs and administrative expenses	31	6,967	7,384
		253,936	329,617

	Owned equipment	Advances to suppliers	Total
	-------------- (Rupees in '000') --------------		
5.2 Capital work-in-progress			
As at July 01, 2014	-	3,839	3,839
Additions during the year	-	1,739	1,739
June 30, 2015	-	5,578	5,578
June 30, 2014	-	3,839	3,839

6. INTANGIBLE ASSETS

	Note	Cost			Accumulated amortization					
		As at July 01, 2014	Disposal during the year	As at June 30, 2015	As at July 01, 2014	For the year	(On disposal)	As at June 30, 2015	W.D.V. as at June 30, 2015	Period years
		(Rs. in '000')								
WLL licenses	6.1	3,345,096	-	3,345,096	1,545,417	179,969	-	1,725,386	1,619,710	16-20
LDI license	6.2	29,029	-	29,029	13,416	1,548	-	14,964	14,065	18-20
June 30, 2015		**3,374,125**	**-**	**3,374,125**	**1,558,833**	**181,517**	**-**	**1,740,350**	**1,633,775**	

	Note	Cost			Accumulated amortization					
		As at July 01, 2013	Disposal during the year	As at June 30, 2014	As at July 01, 2013	For the year	(On disposal)	As at June 30, 2014	W.D.V. as at June 30, 2014	Period years
		(Rs. in '000')								
WLL licenses		3,345,096	-	3,345,096	1,365,448	179,969	-	1,545,417	1,799,679	16-20
LDI license		29,029	-	29,029	11,868	1,548	-	13,416	15,613	18-20
June 30, 2014		**3,374,125**	**-**	**3,374,125**	**1,377,316**	**181,517**	**-**	**1,558,833**	**1,815,292**	

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 16-20 years, commencing August 04, 2004.

This also include frequency NTR-II in respect of which the Company has given an option to a telecom operator to consider acquiring the same. The amortized cost of the frequency is Rs. 16.309 million.

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 effective period 18-20 years, commencing July 27, 2004.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

7. LONG TERM INVESTMENT

In a wholly owned subsidiary company

	Note	June 30, 2015	June 30, 2014
Unquoted (at cost)			
Supernet Limited 38,771,690 (2014: 38,771,690) ordinary shares of Rs.10 each [breakup value: Rs.20.24 (2014: Rs.18.86 per share)], based on the audited financial statements of the Company for the year ended June 30, 2015.		340,537	340,537
TCL Asia (UK) Ltd 1 (2014: 1) ordinary share of £1 (equivalent to Rs.167.79) [breakup value: Nil (2014: Nil)], based on the unaudited financial statements of the company for the year ended May 31, 2015.		-	-
Telecard E-Solutions (Pvt) Ltd 10,000 (2014: 10,000) ordinary shares of Rs.10 each [breakup value: Rs. Nil (2014: Rs. Nil)], based on the audited financial statements of the Company for the year ended June 30, 2015.		100	100
Telegateway Limited 50,000 (2014:50,000) ordinary shares of Rs. 10 each [breakup value: Rs. Nil (2014:Nil)], based on the audited financial statements of the Company for the year ended June 30, 2015.		500	500
Nexus Communication (Pvt) Ltd. 10,000 (2014:Nil) ordinary shares of Rs. 10 each [breakup value: Rs. Nil (2014:Nil) based on the unaudited financial statements of the Company for the year ended June 30, 2015.		100	100
Glitz Communication (Pvt) Ltd. 10,000 (2014:Nil) ordinary shares of Rs. 10 each [breakup value: Rs. Nil (2014:Nil)], based on the unaudited financial statements of the Company for the year ended June 30, 2015.		100	100
Globetech Communication (Pvt) Ltd. 10,000 (2014:Nil) ordinary shares of Rs. 10 each [breakup value: Rs. Nil (2014:Nil)], based on the unaudited financial statements of the Company for the year ended June 30, 2015.		100	100
Available for sale			
Augere Holdings (Netherlands) B.V. Class A Preference ordinary shares each having breakup value Rs. Nil (2014:Nil), based on the unaudited financial statements of the company for the year ended December 31, 2014	7.1	480,630	480,630
Impairment allowance		(480,630)	(480,630)
		-	-
		341,437	341,437

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
8. LONG-TERM DEPOSITS			
Security deposits - considered good			
Line deposits – PTCL		45,778	45,778
Rented premises		3,174	3,274
Guarantee margin		3,500	-
Others		-	7,000
		52,452	56,052
9. DEFERRED TAXATION			
Deferred tax credits arising on:			
Accelerated tax depreciation		(18,954)	(59,227)
Amortization of intangible assets		(446,413)	(423,762)
		(465,367)	(482,989)
Deferred tax debits arising from:			
Retirement benefits		995	1,646
Short term provisions		486,043	523,939
Tax losses brought forward		337,664	321,376
		824,702	846,961
		359,335	363,972
10. TRADE DEBTS			
Unsecured - Considered good			
Related parties		8,704	4,660
Others		213,728	106,805
		222,432	111,465
Considered doubtful			
Considered doubtful		210,371	204,732
Provision for debts considered doubtful	10.1	(210,371)	(204,732)
		-	-
		222,432	111,465

10.1 Provision for debts considered doubtful

	Note	June 30, 2015	June 30, 2014
Opening balance		204,732	204,732
Charge for the year	31	5,639	-
		210,371	204,732

10.2 As at June 30, 2015, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > Three months up to one year	Past due but not impaired: Above one year
	------------------------------ (Rupees in '000')			------------------------------
Others	213,728	57,054	69,617	87,057
Related parties	8,704	1,998	2,720	3,986
June 30, 2015	222,432	59,052	72,337	91,043
Others	106,805	2,834	46,380	57,591
Related parties	4,660	1,413	2,337	910
June 30, 2014	111,465	4,247	48,717	58,501

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

11. LOANS AND ADVANCES

	Note	June 30, 2015	June 30, 2014
Advances - unsecured			
Considered good			
Executives	11.1	3,363	3,030
Employees		4,026	7,834
Suppliers		10,857	10,037
		18,246	20,901
Considered doubtful			
Executives		276	276
Employees		1,765	942
Suppliers		3,282	3,282
Provision for advances Considered doubtful	11.2	(5,323)	(4,500)
		-	-
		18,246	20,901

11.1 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 4.325(2014: Rs. 3.795)million.

11.2 Provision for advances considered doubtful

	Note	June 30, 2015	June 30, 2014
Opening balance		4,500	11,647
Charge for the year		823	-
Reversal for the year	34	-	(7,147)
		5,323	4,500

12. DEPOSITS AND PREPAYMENT

	June 30, 2015	June 30, 2014
Deposits		
Others	480	480
	480	480
Prepayment		
Rent	13,817	14,719
Interconnect operators	25,480	-
International Traffic Monitoring System	-	97,054
	39,777	112,253

13. ACCRUED MARK-UP

	Note	June 30, 2015	June 30, 2014
Due from a bank	13.1	57,309	56,700
Mark-up on current accounts with related parties	13.2 & 14.1.1	19,559	21,413
		76,868	78,113
Provisons agaisnt accrued mark-up		(48,587)	(48,587)
		28,281	29,526

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
13.2 Related parties			
Instaphone (Private) Limited		2,137	1,680
Instaphone Infrastructure (Private) Limited		-	1,503
Telecard E-Solution (Private) Limited		369	-
Arfeen International (Private) Limited		17,053	18,230
		19,559	21,413

14. OTHER RECEIVABLES

	Note	June 30, 2015	June 30, 2014
Considered good			
Related parties	14.1	15,430	10,010
Others			
Karachi Relief Rebate	14.2	651,541	651,541
Due from PTCL against PTA-Escrow		96,041	84,597
In Escrow account with PTA		331,861	264,921
Pakistan Telecommunication Authority	14.3	2,077,498	2,022,560
Claim against a bank	14.4	998	998
Insurance claims		2,343	2,350
Due from a contractor		8,196	5,167
Others		265	3,055
		3,168,743	3,035,189
Considered doubtful			
Pakistan Telecommunication Company Limited	14.5	727,303	727,303
Insurance claim		8,628	8,628
Due from zonal employees		15,874	15,874
Others		2,952	2,952
		754,757	754,757
Provision for other receiveables cosidered doubtful	14.6	(754,757)	(754,757)
		-	-
		3,184,173	3,045,199

14.1 Related parties	June 30, 2015	June 30, 2014
Pakcom Limited	1,232	-
Supernet Limited	8,458	4,575
Instaphone (Private) Limited	3,049	3,049
Telecard E-Solutions (Private) Ltd.	1,883	2,261
TCL Asia (UK) Limited	92	97
Grand Leisure Corporation (Private) Limited	28	28
Envicrete Limited	688	-
	15,430	10,010

14.1.1 The above amount due from related parties represent current account balances which are recoverable on demand. These carry mark up at the rate of 15% (2014: 6 months KIBOR Plus 3.5%) per annum (Note: 13.2).

14.2 (a) 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, passed an interim order in favor of the Company and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

As the Court already passed an interim order in August 2001 in favor of the Company 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.

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 and consider the recovery of this sum to be virtually certain. Accordingly, it has not made any provision against the above referred sum.

14.2 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Company for the recovery of Rs.334.313 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 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 licensees, 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. 4,429.269 million up to June 30, 2015 (June 30, 2014: Rs. 4,429.269 million) in respect of APC for USF on the basis of international termination traffic by the Company up to September 30, 2012, in addition to Rs. 29.473 million, aggregating to Rs. 4,458.742 million (June 30, 2014: Rs. 4,458.742 million), against which the Company paid a sum of Rs. 2,077.498 million under protest (June 30, 2014: Rs. 2,022.560) million (including forced payments in respect of research and development, annual regulatory fees 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 to the PTA on behalf of the Company, during the year ended June 30, 2010 and (c) Rs. 148.019 million paid up to June 30, 2015. Pending a final decision in this matter, the Company has recorded the said sum as due from the PTA under other receivables and has not adjusted the same nor any provision has been made for the remaining sum of Rs. 2,381.244 million (June 30, 2014: Rs. 2,436.182) 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, while determining the said charge 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.

Further, during the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic on their behalf and not via their own networks. As per the terms of the ICH agreement, PTCL retaining after 100% APC from the settlement rate directly disbursed on account of APCL, APC for USF and MTR/MTR-I as per the existing rules and regulations on behalf of the Company. However, the pre-ICH claims of PTA on account of APC for USF against such LDI Operators, where these are still pending, will remain the individual LDI Operators' responsibility, and will be settled through legal process. Furthermore, LDI operators will open a PTA-LDI Escrow account with PTA on individual basis and PTCL shall deposit 15% of respective net LDI share collected under this agreement in the said accounts, and the same can be utilized to settle the alleged outstanding claims of PTA on account of APC for USF if the decision of the Court is against the Company.

During the year ended June 30, 2014 Company has instituted a Constitutional Petition before the High Court of Sindh for setting aside order dated April 30, 2013 passed by Competition Commission (CCP) of Pakistan whereby Policy Directive issued by the Ministry of Information Technology to form International Clearing House (ICH) has been declared as illegal. As per Sindh High Court Order dated September 05, 2013 the impugned order is suspended and the matter is pending for Katcha Peshi. The CCP has imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012, also a fine of Rs. 1.000 million is imposed on all LDI operators. The Company contend that CCP does not have any jurisdiction in matters concerning regulation of competition in the telecommunication sector as the same falls under the exclusive jurisdiction of PTA.

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, while determining the said charge 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.

Further during the current year, the Company along with other LDI Operators before the High Court of Sindh seeking declaration and permanent injunction for setting aside the Policy Directive dated June 17, 2014, issued by Ministry of Information Technology, whereby it has on the recommendation of PTA withdrawn the earlier Policy Directive dated August 13, 2012, by way of which International Clearing House was mandated to be established. The Court has suspended the operations of the said directive and further restrained MoIT from taking any coercive action.

14.4 This represents amount due from a bank in respect of the PTCL bills paid by the Company to the bank but not passed over to the PTCL. The Company has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2014: Rs. 0.998) million and damages, aggregating to Rs. 8.245 (2014: Rs. 8.245) million, against the bank. Accordingly, pending a final decision by the Court in this regard, no provision has been made for the above referred sum in these financial statements.

14.5 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,000 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Retired Justice Nasir Aslam Zahid. The arbitration proceedings have commenced and subsequent to the year end the Company has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Company has also filed a claim for damages in the sum of Rs. 2,300 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
14.6 Provision for other receivables considered doubtful			
Opening balance		754,757	237,815
Provision for the year	33	-	516,942
		754,757	754,757

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

15. TAXATION – net

	Note	June 30, 2015	June 30, 2014
Advance income tax		135,360	120,214
Provision for taxation - current	36	(10,560)	(16,097)
		124,800	104,117

16. BANK BALANCES

	Note	June 30, 2015	June 30, 2014
Cash at banks			
In current accounts			
Local currency		23,373	39,785
Foreign currency		415	402
		23,788	40,187
In savings accounts			
Local currency	16.1	4,987	303
		28,775	40,490

16.1 These carry mark-up rates ranging between 4.5% and 7% (2014: 5% to 6%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
Number of shares				
300,000,000	300,000,000	Ordinary shares of Rs.10/- each fully paid in cash	3,000,000	3,000,000

17.1 As at the end of the current year 88,962,757 (2014: 83,906,257) Ordinary shares of Rs.10 each, amounting to Rs. 889.628 (2014: Rs. 839.063) million, were held by the related parties of the Company.

18. LONG TERM LOANS

	Note	June 30, 2015	June 30, 2014
Secured			
From banks			
Demand Finance	18.1	113,117	154,250
Diminshing Musharakah	18.2	145,614	-
		258,731	154,250
Current maturity shown under current liabilities	27	(11,344)	(92,375)
		247,387	61,875

18.1 During the year ended June 30, 2007, the Company obtained loan with the grace period of eighteen months repayable in eight semi-annual installments. The facility was restructured during the year ended June 30, 2010 and June 30, 2012. During the year under review, the facility was again restructured with the grace period of six months repayable in six stepped up semi-annual installments starting from July 22, 2015.

The loan carries markup at the rate of six month KIBOR plus 2.4 % (2014: six month KIBOR plus 3.5%) per anum, with the markup payable on annual basis. The facility is secured against first pari passu charge over all fixed assets, ranking charge on all present and future fixed assets and first pari passu charge over the current assets of the Company.

18.2 This represents Diminishing Musharakah facility from islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with Islamic bank. This facility is for the period of five years with the grace period of 12 months repayable in 48 monthly installments starting from July 11, 2016. The facility carries profit at the rate of 3 month KIBOR (2014: Nil) per annum and it is secured against pari passu charge over the current assets of the Company and ranking charge over the fixed assets of the Company.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
19. ADVANCE FROM SUBSIDIARY			
Unsecured			
Opening as July 01,		108,753	100,482
Received during the year		60,661	14,500
Transferred from loan to advance		-	52,371
Transferred from accrued markup to advance		-	53,802
Taken to income upon rendering of services	19.1	(168,807)	(112,402)
		607	108,753
Less: Current maturity shown under current liabilities	27	(607)	(12,000)
		-	96,753

19.1 This represents non-exclusive right for certain infrastructure services to be provided by the Company to Supernet Limited for the period, commencing October 2009 to October 2013, as a result of an agreement signed between the Company and Supernet Limited. During the last year agreement was renewed from Nov 2013 to Oct 2016. According to the agreement, the Company will provide these services for a fixed charge @ 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. During the current year from October 2014 variable fee has been increased to 10% for the remaining period of agreement. Accordingly, revenue for the current year includes a sum of Rs.12.000 million representing the fixed fee and a sum of Rs. 156.807 million as variable fee for the year ended June 30, 2015.

The advance carries markup at the rate of Nil (2014: Nil).

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

20. ADVANCE FROM A CONTRACTOR

Unsecured

	Note	June 30, 2015	June 30, 2014
Advance from a Contractor		424,915	835,687
Exchange loss/(gain) on translation		12,558	(265)
Taken to income during the current year upon rendering of services		(26,028)	(25,734)
Written-back during the year	20.2	-	(384,773)
		411,445	424,915

20.1 On April 30, 2010, the Company sold 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 Company, 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.

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 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. As the Contractor was committed to issue shares to the Company, shares in question, valuing Rs. 480.630 million (equivalent to US$5.307 million) were issued on April 04, 2012. 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 during the year ended June 30, 2010, representing amounts due from the Contractor in respect of services rendered thereto, pursuant to the Amended and Restated Network Agreement, discussed above.

20.2

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 entire value of the Credit Note will not be exhausted during the balance life of its WLL licenses. Since advance from the Contractor is not refundable and can be utilized against infrastructure services only, the Company has recognized to the income during the last year such amount that can reasonably be estimated as in excess of the amount that can be utilized over the remaining life of its WLL License. Since the Credit Note in question has not been finalized to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
21. LONG TERM DEPOSITS			
Security deposits			
Distributors		6,014	6,114
Indoor Call Point holders		3,740	17,210
Others		28,789	29,061
		38,543	52,385
22. DEFERRED LIABILITIES			
Staff gratuity	22.1	3,110	4,841
Spectrum fee payable	22.2	1,585,500	1,585,500
		1,588,610	1,590,341

22.1 Staff gratuity

22.1.1 Reconciliation of obligations as at year end

	June 30, 2015	June 30, 2014
Present value of defined benefit obligation	3,110	4,841

22.1.2 Movement in liability

	June 30, 2015	June 30, 2014
Net liability at beginning of the year	4,841	8,126
Charge for the year	508	853
Benefits paid during the year	(2,239)	(4,138)
	3,110	4,841

22.1.3 Charge for the year

	June 30, 2015	June 30, 2014
Interest cost	508	853
	508	853

22.1.4 Movement in defined benefit obligation

	June 30, 2015	June 30, 2014
Present value of defined benefit obligation at beginning of the year	4,841	8,126
Interest cost	508	853
Benefits paid during the year	(2,239)	(4,138)
	3,110	4,841

22.1.5 Principal actuarial assumptions

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

	June 30, 2015	June 30, 2014
Expected rate of increase in salaries, per annum	9.50%	9.50%
Expected discount rate, per annum	10.50%	10.50%

22.1.6 Comparison for five years

	2015	2014	2013	2012	2011
	---------- (Rupees in '000') ----------				
Present value of defined benefit	3,110	4,841	8,126	5,094	8,595

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
22.2 Spectrum fee payable		1,585,500	1,585,500

22.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Company, as referred to in note 6. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. 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 payment of balance of spectrum fees, while other payment modalities were to be finalized. Since then WLL Operators have been requesting the authorities for confirmation of staggering of the balance fees over 10 years. On March 10, 2010, the Company received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal installments, commencing from the year 2009. However, few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Company on June 02, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The Company thereafter submitted a detailed response against the SCN 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, which have been challenged by the Company at appropriate forum.

The Company instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set aside on the basis that the same was issued in undue haste and without affording the Company an opportunity of hearing.

During the year ended June 30, 2011, the MoIT 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.

However, the above mentioned appeal was disposed-off by the said Court in 2012 due to mis-representation of PTA in the Court contending that the said directive of MoIT was issued for some other Spectrum not relevant for the WLL Operators. A Constitutional Petition for grant of Leave to Appeal (CPLA) was filed by the Company, in the Supreme Court, challenging the dismissal of the appeal by the Islamabad High Court (IHC) mainly on the grounds of MoIT afore referred letter through which this balance fees was required to be collected in instalments. In parallel, a fresh Writ Petition was also instituted by the Company in the Islamabad High Court (IHC) highlighting incorrect statements from PTA and also the MoIT directive in this regard which is pending adjudication. The Supreme Court has disposed of the CPLA with the directions to the MoIT, being on top of the hierarchy, to enforce its directive on the PTA and also to resolve the controversy whether the directive does or does not relate to the licensees.

During the year 2013, the matter was settled in favour of the Company. The IHC allowed installments of balance initial spectrum fee as prayed by the Company in line with the directive of MoIT dated August 30, 2011. In accordance with the Court Order, the legal advisor of the Company has requested to MoIT to enforce its directive on PTA and initiate collection of the balance Initial Spectrum Fee in 10 equal annual installments. The MoIT in turn instructed PTA to seek installment plan from the operators for onward submission to the Ministry with its recommendation.

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
23. TRADE AND OTHER PAYABLES			
Trade			
Pakistan Telecommunication Company Limited (PTCL)			
Wireless Payphone Service (WPS)	23.1	609,708	609,708
LL & LDI charges		60,367	43,060
Others		794	803
		670,869	653,571
Interconnect operators		25,709	13,136
Others		38,618	110,858
		735,196	777,565
Other payables			
Current accounts with related parties	23.2	50,430	69,476
Pakistan Telecommunication Authority		66,479	41,485
Advances from customers		-	51
Accrued liabilities		82,926	95,759
Unclaimed dividend		7,394	7,892
Workers' Welfare Fund		2,071	2,071
Others		6,616	6,402
		215,916	223,136
		951,112	1,000,701

23.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs. 968.000 (2014: Rs. 968.000) million on account of air time charges, line rent and access charges and Rs. 276.000 (2014: Rs. 276.000) million in respect of leased line charges from the Company. Further, the PTCL raised a bill for Rs. 102.080 million and Rs. 50.912 million for years ended June 30, 2009 and June 30, 2010. Hence, total amount claimed by the PTCL as at December 31, 2010 amounted to Rs. 1,396.992 (2014: Rs. 1,396.992) million.

However, the management, while acknowledging the liability to the extent of Rs. 609.708 (2014: Rs. 609.708) million does not accept the liability for the remaining sum of Rs. 787.284 (2014: Rs. 787.284) million and has not recorded the same in these financial statements. In this respect, however, 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.

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 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, 2015	June 30, 2014
		------- (Rupees in '000') -------	
23.2 Related parties			
World Trade Center (Private) Limited		3,272	1,761
Arfeen International (Private) Limited		13,234	7,113
Envicon (Private) Limited		64	52
Total Telecom Limited		421	421
Instaphone Infrastructure (Private) Limited		13,767	44,769
Telegatway Limited		15,294	10,520
Chaman Investment (Private) Limited		4,147	4,147
Envicrete Limited		-	211
Glitz Communication (Private) Limited		80	84
Globetech Communication (Private) Limited		80	84
Pakcom Limited		-	239
Nexus Communication (Private) Limited		71	75
		50,430	69,476

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

24. ACCRUED INTEREST / MARK-UP

	Note	June 30, 2015	June 30, 2014
On secured			
Long-term loans	18	15,428	11,198
Redeemable capital	24.1	360,220	250,112
Short-term running finances	25	9,818	5,500
		385,466	266,810
On unsecured			
Short-term borrowings	26	4,426	157
Current accounts with related parties	23.2.1	17,956	14,234
		407,848	281,201

24.1 This includes overdue markup amounting to Rs.349.872 (2014:Rs.239.794) million.

25. SHORT-TERM RUNNING FINANCES

	Note	June 30, 2015	June 30, 2014
From banks – secured	25.1	-	168,821

25.1 During the year by virtue of merger of the conventional bank with an Islamic bank, the running facility of the Company was converted into Diminishing Musharakah facility (note: 18.2).

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	

26. SHORT TERM BORROWING

Loan - unsecured			
Related Party	26.1	51,597	93,757

26.1 This represent short term loan received from a related party i.e. World Trade Center (Private) Limited, carrying markup rate 6 months KIBOR plus 2.4% (2014:15%). This loan is payable on demand.

27. CURRENT MATURITIES OF LONG TERM LIABILITIES

Long term loans	18	11,344	92,375
Advance from a subsidiary company	19	607	12,000
Redeemable capital (TFCs)	27.1	747,575	792,170
		759,526	896,545

27.1 This represents overdue installments of listed Term Finance Certificates (TFC's) issued by the Company for the purposes of acquiring radio spectrum frequencies from the PTA and expanding/upgrading new WLL network. These TFC's carry markup at the rate of three months KIBOR plus 5.04%. As at June 30, 2015 seven full and one partial (2014: five full and one partial) installments were overdue. Subsequent to the year end and till the authorisation of these financial statements, Company has made payment nil (2014: 22.626) million out of the above over due amount.

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.000 (2014: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

28. CONTIGENCIES AND COMMITMENTS

28.1 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 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 year ended June 30, 2011, the PTA issued a determination dated October 31, 2010 in respect of the above matter, and demanded a sum of Rs. 56.470 million from the Company on account of short payment of APC for USF. The Company has filed a Writ Petition 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 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.

28.2 The Company filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006. The KBCA has instructed all cellular phone companies to regularize 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. It is not possible at this juncture to assess and estimate the financial impact of the case in question. 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.

28.3 PTA, during the year 2012 , issued a show cause notice, alleging that the Company is not following the Approved Settlement Rate (ASR) while selling the international minutes as detremined by the PTA. The Company in response has rejected the allegations by stating that the very issue of determining ASR in light of the relevant Rules and Regulations of the Authority stands sub-judice in the Honorable High Court of Sindh, which is currently pending and any further deliberations/implications/decisions relating to the ASR issue can only be made once a binding principle is established by the said Court in this matter. Further, the Company has also instituted a petition in the Hon'ble High Court of Sindh, challenging the show cause notice and the Court granted a stay to the effect that PTA will not revoke or cancel the Company's license in the matter. Sindh High Court dismissed the case as per order dated December 05, 2014 and ordered the PTA to schedule a hearing.

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

28.5 During the year ended June 30, 2013, the Company filed an appeal before the Sindh High Court (SHC) for setting aside Order dated June 30, 2012 passed by Pakistan Telecommunication Authority whereby PTA alleges that the Company is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted stay and no coercive action be taken by PTA. The matter is pending for Katcha Peshi, in view of our legal advisor the Company has a good arguable case on merits and is likely to succeed in obtaining relief claimed against the respondents.

28.6 During the year ended June 30, 2014, the Company has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking permanent injunction and damages impugning notice dated May 27, 2011, issued by NAB authorities for the recovery of alleged dues of Rs.1,233.540 million on account of APC for USF Contribution and quashment of inquiry being conducted against the Company by NAB authorities for recovery of this amount. The Court was pleased to restrain NAB from proceeding further. The matter is pending for hearing of application, in view of our legal counsel the Company has a good arguable case on merits and the Suit is likely to be decreed in favour of the Company. Accordingly, no provision has been made for any liability in these financial statements for the above.

The Company has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking certain declarations and restraining orders against PTA and National Accountability Bureau challenging Notice dated May 29, 2012, issued by PTA to the Company under section 5(r) of the NAB Ordinance, whereby PTA has required the Company to make payment of alleged dues of Rs. 2,400.000 million on account of APC for USF Contribution within 30 days from the date of the Notice. The Court has suspended the operations of the said order in addition to restraining the PTA from taking any coercive action. In view of our legal advisor the Company has a good arguable case on merit and is likely to succeed in obtaining relief claimed against the respondents. Accordingly, no provision has been made for any liability in these financial statements for the above.

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

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

28.8 In respect of the assessment years 1999 - 2000 to 2002 - 2003, the Company was assessed partly under the presumptive tax regime (now final tax regime) and partly under the normal tax regime. Further, for assessment years 2001 - 2002 and 2002 - 2003, apart from taxation on historic basis, the tax authorities disallowed tax credit as well as the reinvestment allowance claimed by the Company on purchase of fixed assets. Tax demand in respect of these cases amounts to Rs.59.812 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 (2014: Rs.74.601) 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.

28.9 During the year ended June 30, 2015, the Company has filed a Constitutional Petition against the letter issued by Assistant Commissioner, Sindh Revenue Board to deposit Rs. 824.399 (2014: Nil) million on account of Sindh Sales Tax on services for the tax period July 2012 to July 2014. The court through its order dated December 06, 2015 restrained the respondents to take any coercive action against the Company. The appeal is pending before the Court and the management is confident about the favourable outcome of the case and hence no provision has been considered necessary in the financial statements.

28.10 PTCL's claim amounting to Rs.1,618.426 (2014: Rs.1,627.552) 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. During the year ended June 30 2015, the company has filed a constitutional petition against the letter issued by the assistant commissioner, Sindh revenue board to deposit Rupees 824.399 (2014; NIL) million on account Sindh sales tax.

28.11 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 14.2 and 23.1 to the financial statements. Pending resolutions of these matters no provisions have been made against the amounts disclosed in these notes.

28.12 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 14.3 and 22.2.1 to the financial statements against which no provisions have been made in these financial statements in accordance with the advice of the legal advisor.

28.13 Counter guarantees given to banks amounting to Rs.180 (2014: Rs.180) million.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

29. REVENUE – NET

	Note	June 30, 2015	June 30, 2014
Turnover		1,065,633	2,059,954
APC for USF	29.1	(203,234)	(586,759)
Trade discounts		(1,235)	(1,649)
		861,164	1,471,546
Services rendered to the contractor under the note 20		26,028	25,731
Interoperator infrastructure services	19.1	168,807	112,402
		1,055,999	1,609,679

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

30. DIRECT COSTS

	Note	June 30, 2015	June 30, 2014
Interconnect charges – net		117,866	83,479
Network media charges		78,958	63,564
Network sites rent		51,038	97,513
Network sites utilities and maintenance		60,752	79,585
Insurance		3,833	10,340
Annual regulatory charges		34,373	103,012
Cost of cards sold	30.1	13	74
Depreciation	5.1.3	246,969	322,233
Monitoring expenses		3,504	10,117
Amortisation	6	181,517	181,517
		778,823	951,434

30.1 Cost of cards sold

	June 30, 2015	June 30, 2014
Opening stock	302	628
Purchases	-	298
Stock written-off	(289)	(550)
	13	376
Closing stock	-	(302)
	13	74

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

31. DISTRIBUTION COSTS & ADMINISTRATIVE EXPENSES

	Note	June 30, 2015	June 30, 2014
Salaries and other benefits	31.1	123,481	142,802
Postage, telephone and telex		2,135	4,012
Vehicles running and maintenance		16,069	25,754
Travelling and entertainment		4,121	5,100
Office security and maintenance		9,559	15,051
Stationery		3,081	6,256
Rent, rates & taxes		33,435	36,462
Utilities		22,301	24,596
Insurance		3,395	3,600
Legal and professional charges		18,827	10,408
Auditors' remuneration	31.2	3,660	3,794
Sales promotion and marketing		10,890	14,945
Fee and subscription		1,381	1,198
Depreciation	5.1.3	6,967	7,384
Provision for debts considered doubtful	10.1	5,639	-
Provision for advances considered doubtful	11.2	823	-
Late payment surcharge - PTA		-	40,513
Stock written off		289	550
Provision against mark-up claim from bank	13	-	48,587
Software support services		6,000	4,000
Others		832	1,282
		272,885	396,294

31.1 This includes Rs.0.508 (2014: Rs. 0.853) million in respect of gratuity expense for the year and Rs.4.282 (2014: Rs. 4.736) million in respect of the Company's contribution towards provident fund.

31.2 Auditors' remuneration

	June 30, 2015	June 30, 2014
Fee for the audit of annual financial statements	2,000	2,000
Fee for the audit of consolidated financial statements	350	350
Fee for the review of half yearly financial statements and other certifications	1,140	1,298
Out-of-pocket expenses	170	146
	3,660	3,794

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

32. OTHER EXPENSES

	June 30, 2015	June 30, 2014
Exchange loss - net	14,508	879
Workers' welfare fund	-	1,799
	14,508	2,678

		Note	June 30, 2015	June 30, 2014
			------- (Rupees in '000') -------	
33.	PROVISION FOR IMPAIRMENT IN THE VALUE OF INVESTMENT & FOR OTHER RECEIVABLES			
	Provision for:			
	Other receivables considered doubtful	14.6	-	516,942
34.	OTHER INCOME			
	Income from financial assets			
	Return on bank deposits and term deposit receipt		21,704	11,179
	Income from sale of option	34.1	-	20,880
	Miscellenous income		-	18,758
			21,704	50,817
	Mark-up on current accounts with related parties		991	5,466
	Income from non-financial assets			
	Professional services	34.2	18,050	18,360
	Gain on sale of fixed assets		2,125	4,683
	Liabilities no longer payable written back		93,033	459,083
	Provision written-back	11.2	-	7,147
	Others		12,200	1,275
			125,408	490,548
			148,103	546,831

34.1 This represents income from option granted to a telecom operator to consider acquiring one of Company's telecom license.

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

		Note	June 30, 2015	June 30, 2014
35.	FINANCE COSTS			
	Interest/mark-up on:			
	Long-term loans		15,713	19,360
	Redeemable capital		110,108	127,795
	Short-term borrowing		4,422	17,249
	Short-term running finances		20,372	21,012
			150,615	185,416
	Markup on current accounts with related parties		6,567	11,224
	Bank charges		4,171	4,356
			161,353	200,996
36.	TAXATION			
	Current	15 & 36.1	10,560	16,097
	Deferred		4,638	2,700
			15,198	18,797

36.1 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.

The income tax assessments of the Company have been finalized up to and including the tax year 2013, except for certain tax year in respect of which, appeals are currently in progress at different forums (note 28.8).

37. EARNINGS PER SHARE – basic and diluted

(Loss)/profit after tax for the year (Rupees in '000)	(38,665)	69,369
Weighted average number of shares	300,000,000	300,000,000
Basic (loss)/earnings per share (Rupees)	(0.13)	0.23

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
38. CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(23,467)	88,166
Adjustments for non-cash charges and other items:			
Depreciation		253,936	329,617
Amortization		181,517	181,517
Provision for gratuity		508	853
Finance cost		157,182	196,641
Provision against other receivables		-	516,942
Stock written-off		289	-
Provision for debts considered doubtful		5,639	-
Provision for advances considered doubtful		823	-
Liability written-back		-	(384,773)
Provision written-back		-	(7,147)
Provision against accrued mark-up		-	48,587
Gain on sale of fixed assets		(2,125)	(4,683)
		597,769	877,554
Profit before working capital changes		574,302	965,720
(Increase)/decrease in current assets			
Stock-in-trade		13	326
Trade debts		(116,606)	112,688
Loans and advances		1,832	6,880
Deposits and prepayment		72,476	(12,524)
Accrued markup		1,245	8,651
Other receivables		(138,974)	(86,207)
		(180,014)	12,512
Decrease in trade and other payables		(49,590)	(402,698)
Cash generated from operations		344,698	575,534

39. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs. in '000')			(Rs. in '000')		
Managerial remuneration	5,806	4,937	37,722	5,806	4,662	37,464
Other perquisites and benefits:						
House rent	2,613	2,222	16,975	2,613	2,098	16,859
Medical	-	65	654	28	60	681
Retirement benefits	484	411	2,288	484	400	2,455
Utilities	581	494	3,772	581	466	3,746
	3,678	3,192	23,689	3,706	3,024	23,741
	9,484	8,129	61,411	9,512	7,686	61,205
Number of persons	1	2	37	1	2	36

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

40. 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.

40.1 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.

40.1.1 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, 2015, the Company is exposed to such risk mainly in respect of long-terms and short term investments and loan. When the Company has surplus cash available for investment, it minimizes the interest rate risk by investing in fixed rate investments like 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. 6.784 million and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

40.1.2 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, 2015 US $	June 30, 2014 US $
Trade debts	110,988	71,742
Bank balances	4,052	4,083
Trade and other payables	(490,331)	(502,564)
	(375,291)	(426,739)

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

Exchange rate (Rupees)	101.70	98.75

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, 2015	+10	(3,817)	(3,817)
	-10	3,817	3,817
June 30, 2014	+10	(4,214)	(4,214)
	-10	4,214	4,214

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, 2015 the Company is not exposed to equity price risk.

40.2 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.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Trade debts		222,432	111,465
Deposits, loans and advances		18,726	21,381
Accrued mark-up		28,281	29,526
Other receivables		3,184,173	3,045,199
Bank balances		28,775	40,490
		3,482,387	3,248,061

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:

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Trade debts			
Customers with no defaults in the past one year		222,432	111,465
Bank balances			
A1+		1,646	-
A1		66	1,088
A-2		17,316	3,283
A-1		9,747	759
A3		-	35,360
		28,775	40,490

40.3 Liquidity risk

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

Management monitor the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external liquidity requirements and maintaining debt financing plans. During the current year the Company remained under severe liquidity pressure. However, the Company plans to improve its liquidity position through enhancement and re-profiling of banking facilities, improved revenue generation and cost cutting measures.

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

	Less than 3 months	3 to 12 months	1 to 5 Years	Greater than 5 years	Total
	----------------------------(Rupees in '000')----------------------------				
Long-term loans	5,672	5,672	247,387	-	258,731
Redeemable capital	747,575	-	-	-	747,575
Long-term deposits	-	-	38,543	-	38,543
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	951,112	-	-	951,112
Accrued mark-up	407,848	-	-	-	407,848
Short-term borrowings / running finances	51,597	-	-	-	51,597
June 30, 2015	1,212,692	956,784	1,871,430	-	4,040,906
Long-term loans	40,812	51,563	61,875	-	154,250
Redeemable capital	396,152	396,018	-	-	792,170
Long-term deposits	-	-	52,385	-	52,385
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	1,000,701	-	-	1,000,701
Accrued mark-up	281,201	-	-	-	281,201
Short-term borrowings / running finance	93,757	168,821	-	-	262,578
June 30, 2014	811,922	1,617,103	1,699,760	-	4,128,785

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

40.4 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.

40.5 Capital risk management

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

The Company monitors capital using a gearing ratio, which is calculated total borrowings including current and non current borrowing, regualtory dues as disclosed in note 22, 24, 26 & 27 less cash and cash equivalent as disclosed in note 16 divided by equity as follows:

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Total debt		2,804,471	3,025,824
Less: Cash & cash equivalent		28,775	40,490
Net debt		2,775,696	2,985,334
Total equity		2,410,256	2,448,921
Total debt and equity		5,185,952	5,434,255
Gearing ratio		53.52%	54,94%

41. TRANSACTIONS WITH RELATED PARTIES

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

Wholly owned subsidiary companies

	2015	2014
Supernet Limited		
Services rendered	193,505	129,699
Services received	17,704	13,617
Advance received by the Company	60,661	14,500
Payment made on behalf of the Company	760	-
Purchase of fixed asset	-	9,097
Telecard E-Solutions (Private) Limited		
Payment made on behalf by the company	142	267
Services received	12,235	10,140
Services rendered	223	151
Markup charged by the Company	534	193

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Telegateway Limited			
Services received		5,230	5,720
Services rendered		327	168
Payment made by the Company		130	287
Markup charged by the Company		-	35
Markup charged to the Company		1,557	-
Nexus Communications (Pvt) Limited			
Payments made on behalf by the Company		4	25
Glitz Communications (Pvt) Limited			
Payments made on behalf by the Company		4	17
Globetech Communications (Pvt) Limited			
Payments made on behalf by the Company		4	17
Entities having directors in common with the Company			
Arfeen International (Private) Limited			
Payment made on behalf of the Company		1,050	2,150
Payment made on behalf by the Company		132	-
Rent charged during the year		5,520	5,520
Markup charged by the Company		-	4,781
Markup charged to the Company		1,177	-
Services rendered		417	383
Sale of fixed assets		-	1,400
World Trade Center (Private) Limited			
Service received		28,949	34,939
Markup charged to the Company		4,457	23,771
Service rendered		-	156
Payment against short term borrowing		42,160	4,743
Envicrete Limited			
Services rendered		284	249
Payment made on behalf by the Company		18	-
Provident Fund			
Contribution during the year		4,282	4,736
Instaphone Infrastructure (Private) Limited			
Payment made on behalf of the Company		316	1,661
Services rendered		18,000	18,000
Services received		20,519	39,627
Markup charged to the Company		3,799	4,702
Instaphone (Private) Limited			
Markup charged by the Company		457	457

	June 30, 2015	June 30, 2014
	------- (Rupees in '000') -------	
Port Grand Limited		
Services received	357	148
Services rendered	375	71
Pakcom Limited		
Services rendered	37	-
Payment made on behalf by the Company	434	-
Envicon (Pvt) Limited		
Services received	12	-

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

42. PROVIDENT FUND RELATED DISCLOSURES

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

		June 30, 2015 (Un-audited)	June 30, 2014 (Audited)
		------- (Rupees in '000') -------	
Size of the Fund - total assets		47,486	44,168
Cost of the investment made		36,468	37,250
Fair value of investments	42.1	43,478	40,707
Percentage of investments made		91.56%	92.16%

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

	2015	%	2014	%
Bank balances/deposits	15,957	37	21,525	53
Mutual funds	20,508	47	12,886	32
National Saving Schemes	7,013	16	6,296	15
	43,478		40,707	

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

43. NUMBER OF EMPLOYEES

The number of employees at the year ended were 140 (2014:175) and average number of employees during the year were 155 (2014: 212).

44. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there were no material reclassification except as under;

RECLASSIFIED FROM	RECLASSIFIED TO	RUPEES "000"
Bank Balance	Other Receivable	264,921

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 08, 2015 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

CONSOLIDATED FINANCIAL STATEMENTS

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

[illegible]
[illegible] Road, Karachi - Pakistan
Tel: [illegible]
Fax: [illegible]
Email: [illegible]
URL [illegible]
URL [illegible]
Offices also at [illegible] & UK

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Telecard Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at June 30, 2015 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 Holding Company and its Subsidiary Companies. The financial statements of Telecard Asia (UK) Limited, Nexus Communications (Private) Limited, Glitz Communications (Private) Limited and Globetech Communications (Private) Limited were un-audited and the financial statements of Supernet Limited, Telecard E-Solutions (Private) Limited and Telegateway Limited were audited by us for which we have expressed separate opinions.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2015 and the results of its operations for the year then ended, in accordance with approved accounting standards as applicable in Pakistan.

We draw attention to the contents of:

i) notes 16.2(a) to the accompanying consolidated financial statements in respect of the lawsuit filed by the Holding Company during the year ended 30 June 2000 in the High Court of Sindh with regard to the recovery of Karachi Relief Rebate amounts from Pakistan Telecommunication Company Limited, pending a final decision no provision has been made in the accompanying consolidated financial statements for any amount that may not be recoverable;

ii) note 16.2(b) to the accompanying consolidated financial statements with regard to a lawsuit filed by the PTCL against the Holding Company during the year ended 30 June 2002. Pending a decision, the Group has not made any provision in the accompanying consolidated financial statements for the amount claimed by the PTCL;

iii) note 16.3 to the accompanying consolidated financial statements in respect of the Pakistan Telecommunication Authority's claim for Access Promotion Contribution for Universal Service Fund. Pending a final decision by the Supreme Court of Pakistan, no provision has been made for the remaining sum of Rs. 2,381.244 million in the accompanying consolidated financial statements;

Parker Randall International

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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[illegible]

iv) notes 29.1 to 29.12 to the accompanying consolidated financial statements in respect of contingencies the ultimate outcome of which cannot presently be determined and, hence, pending the resolution thereof, no provision has been made in the accompanying consolidated financial statements for any liability that may arise there from;

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

Parker Randall-AJS

Chartered Accountants

Audit Engagement Partner: Muhammad Shabbir Kasbati

Date: October 08, 2015

Place: Karachi

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	930,566	1,151,204
Intangible assets	7	1,704,943	1,886,080
		2,635,509	3,037,284
Long-term deposits	8	59,385	62,985
Long-term investments	9	-	-
Deferred taxation	10	390,455	419,285
		3,085,349	3,519,554
CURRENT ASSETS			
Communication stores	11	102,063	119,825
Stock-in-trade		-	302
Trade debts	12	928,202	580,448
Loans and advances	13	34,619	41,500
Deposits and prepayment	14	75,412	154,575
Accrued mark-up	15	27,967	31,014
Other receivables	16	3,184,141	3,045,091
Taxation – net	17	283,305	208,210
Cash & Bank balances	18	108,476	176,109
		4,744,185	4,357,074
TOTAL ASSETS		7,829,534	7,876,628
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 400,000,000 (2014: 400,000,000) Ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up Capital	19	3,000,000	3,000,000
Unappropriated loss		(130,437)	(144,332)
		2,869,563	2,855,668
NON-CURRENT LIABILITIES			
Long-term loans	20	247,387	61,875
Advance from Contractor	21	411,445	424,915
Long-term deposits	22	44,458	58,611
Deferred liabilities	23	1,592,977	1,594,501
		2,296,267	2,139,902
CURRENT LIABILITIES			
Trade and other payables	24	1,276,878	1,280,374
Accrued interest / mark-up	25	409,870	284,872
Short-term running finances	26	127,831	298,420
Short term borrowing	27	51,597	93,757
Current maturities of long-term liabilities	28	797,528	923,635
		2,663,704	2,881,058
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		7,829,534	7,876,628

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

Chief Executive

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
Revenue – net	30	2,644,373	2,862,271
Direct costs	31	2,028,650	2,044,609
Gross profit		615,723	817,662
Distribution costs and administrative expenses	32	512,284	667,973
Other operating expenses	33	17,457	12,308
Provisions for impairtment in the value of investment & for other receiveable	34	-	516,942
		529,741	1,197,223
Other income	35	(162,898)	(796,896)
		366,843	400,327
Operationg profit		248,880	417,335
Finance costs	36	178,760	216,615
Profit before taxation		70,120	200,720
Taxation	37	56,225	43,314
Net profit for the year		13,895	157,406
Earning per share - Basic and diluted (Rupees)	38	0.05	0.52

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

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
Net profit for the year		13,895	157,406
Other comprehensive income		-	-
Total comprehensive income for the year		13,895	157,406

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

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		------- (Rupees in '000') -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	341,665	674,126
Income tax paid		(102,489)	(74,250)
Finance costs paid		(48,389)	(186,411)
Retirement benefits paid		(2,239)	(4,393)
Long-term loans and advances		-	5,820
Liability for long-term deposits		(14,634)	(46,085)
Long-term deposits		3,600	5,796
Net cash generated from operating activities		177,514	374,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(80,539)	(80,280)
Purchase of computer software		(400)	-
Proceeds from disposal of property, plant and equipment		2,125	4,683
Net cash used in investing activities		(78,814)	(75,597)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from a Contractor		(13,470)	(25,999)
Repayment of redeemable capital		(44,595)	(88,425)
Long-term finances		104,481	(61,097)
Short-term borrowings		(42,160)	(4,743)
Short-term running finances		(170,589)	(44,512)
Net cash used in financing activities		(166,333)	(224,776)
Net (decrease)/increase in cash and cash equivalents		(67,633)	74,230
Cash and cash equivalents at the beginning of the year		176,109	101,879
Cash and cash equivalents at the end of the year		108,476	176,109

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

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Un-appropriated (loss)	Total
	(Rupees in '000)		
Balance as at June 30, 2013	3,000,000	(301,738)	2,698,262
Net profit for the year	-	157,406	157,406
Other comprehensive income	-	-	-
Total comprehensive income	-	157,406	157,406
Balance as at June 30, 2014	3,000,000	(144,332)	2,855,668
Net profit for the year	-	13,895	13,895
Other comprehensive income	-	-	-
Total comprehensive income	-	13,895	13,895
Balance as at June 30, 2015	3,000,000	(130,437)	2,869,563

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

Chief Executive

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

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

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

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

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

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

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

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

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

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

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

2. 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.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention except for certain employees' benefits and liabilities which have been carried at present value (note 23).

4. BASIS OF CONSOLIDATION

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following revised standards and interpretations with respect to approved accounting standards would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or interpretation		Effective date (accounting periods beginning on after)
		January 01, 2015
IFRS 10	Consolidated Financial Statements	
IFRS 10, 12 &	Investment Entities	January 01, 2015
IAS 27	(Amendment)	
IFRS 10, 12 &	Investment Entities: Applying the Consolidation	January 01, 2016
IAS 27	Exception (Amendment)	
IFRS 10 &	Sale or Contribution of Assets Between an Investor	January 01, 2016
IAS 28	and its Associate	January 01, 2015
IFRS 11	Joint Arrangements	
IFRS 11	Accounting for Acquisition of Interest in Joint	January 01, 2016
	Operation (Amendment)	January 01, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurements	January 01, 2016
IAS 1	Disclosure Initiative (Amendment)	
IAS 16 & 38	Clarification of Acceptable Method	January 01, 2016
	of Depreciation and Amortization	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standards	
IFRS 9	Financial Instruments: Classification and Measurement
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 13	Fair Value Measurement

5.2 Standards, amendments and interpretations adopted during the year

The Group has adopted the following revised standard amendments and interpretation of IFRSs which become effective during the year.

IAS 19	Employee Benefits (Revised)
IFRS 32	Financial Instruments Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments : Recognition and Measurement
IFRIC 21	Levies

Improvements to accounting standards issued by the IASB

IAS 1	Presentation of Financial Statements - Clarification of the Requirements for Comparative Information
IAS 16	Property, Plant and Equipment - Classification of Servicing Equipment
IAS 32	Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on the financial statements of the Group.

5.3 Significant accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of fixed assets	5.4, 6 & 7
Impairment of;	
> Fixed assets	5.4, 6 & 7
> Trade debts and other receivable	5.8, 12 & 16
Recognition of tax and deferred tax	5.16, 10, 17 & 37
Accounting for staff retirement benefits	5.15 & 23.1
Advance from contractor	21.2
Other provisions and contingent liabilities	5.22, 16 & 29

5.4 Fixed Assets

5.4.1 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 6.1 to the consolidated financial statements.

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

The carrying amounts of the Group'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 statement of comprehensive income.

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 statement of comprehensive income in the year the asset is recognized, except for gain on sale and leaseback transactions, which is deferred and amortized 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 capitalized 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 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.

5.4.2 Intangible assets

The costs of license to provide telecommunication services are classified as intangible assets. These are stated at cost less accumulated amortization and impairment, if any. These are amortized over the period of license commencing from the date when the license 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.

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.

5.4.3 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.

5.5 Investment

Available for sale

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

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

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.

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

5.7 Stock in trade

Stock in trade comprises of internet and voice communication 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.
Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

5.8 Trade debts and other receivables

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

5.9 Loans, advances and deposits

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

5.10 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, balances with banks and short-term investments, if any.

5.11 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 Group.

5.12 Provisions

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

5.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized 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.

5.14 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 Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.15 Employees' benefits

Gratuity fund

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

Provident fund

The Group operates a recognized provident fund scheme for 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.

5.16 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 consolidated financial statements.

Deferred

Deferred tax is recognized, 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 recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

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

5.17 Foreign currency translation

The Consolidated financial statements are presented in Pak Rupee, which is the Group'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.

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

5.19 Revenue

Revenue from post paid packages is recognized on accrual basis.

Revenue from connection fee is recognized on sale of connections.

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

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

Revenue from 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.

5.20 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 Group's information system and records.

5.21 Dividend and other appropriation of reserves

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

5.22 Other provisions and contingent liabilities

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Operating fixed assets	6.1	924,988	1,147,365
Capital work in progress	6.2	5,578	3,839
		930,566	1,151,204

6.1 Operating fixed assets

June 30,2015	Note	Cost				Accumulated depreciation				W.D.V.	Depreciation rate per annum
		As at July 01, 2014	Additions/ Transfers*	(Disposal)	As at June 30, 2015	As at July 01, 2014	For the year	(On disposals)	As at June 30, 2015	As at June 30, 2015	
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		4,844	8,313	-	13,157	3,903	439	-	4,342	8,815	20%
Building on freehold land		625	-	-	625	406	31	-	437	188	5%
Apparatus, plant and equipment	6.1.1.1	7,041,532	57,148	-	7,098,680	5,949,107	286,178	-	6,235,285	863,395	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		73,098	7,104	-	80,202	52,835	4,570	-	57,405	22,797	10%
Computers and accessories	6.11.2	95,689	6,234	-	101,923	86,926	5,962	-	92,888	9,035	33%
Vehicles		42,499	-	(3,029)	39,470	20,765	3,996	(3,029)	21,732	17,738	20%
June 30, 2015		7,292,182	78,799	(3,029)	7,367,952	6,144,817	301,176	(3,029)	6,442,964	924,988	

The statement of Property, Plant and Equipment for the last year is as follows:

		Cost				Accumulated depreciation				W.D.V.	
	Note	As at July 01, 2013	Additions/ Transfers*	(Disposal)	As at June 30, 2014	As at July 01, 2013	For the year	(On disposals) / transfers*	As at June 30, 2014	As at June 30, 2014	Depreciation rate per annum
		(Rs. in '000')									
Owned											
Freehold land		3,020	-	-	3,020	-	-	-	-	3,020	-
Leasehold improvements		4,207	637	-	4,844	3,702	201	-	3,903	941	20%
Building on freehold land		625	-	-	625	375	31	-	406	219	5%
Apparatus, plant and equipment	6.1.1& 6.2	6,518,643	44,895 477,994*	-	7,041,532	5,582,255	366,852	-	5,949,107	1,092,425	5-33%
Sign boards		30,875	-	-	30,875	30,875	-	-	30,875	-	25%
Furniture, fixtures and office equipment		67,631	5,467	-	73,098	48,011	4,824	-	52,835	20,263	10%
Computers and related accessories		89,546	6,143	-	95,689	81,241	5,685	-	89,926	8,763	33%
Vehicles		28,207	19,298	(5,006)	42,499	22,966	2,805	(5,006)	20,765	21,734	20%
June 30, 2015		**6,742,754**	**554,434**	**(5,006)**	**7,292,182**	**5,769,425**	**380,398**	**(5,006)**	**6,144,817**	**1,147,365**	

6.1.1 These include:

6.1.1.1 The cost of fully depreciated asset as at June 30, 2015 was Rs. 4,773.060 (2014: Rs. 4,364.420) million.

6.1.1.2 The following assets were disposed off during the year.

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Mode of sale	Particulars of buyers
	(Rs. in '000')						
Vehicles							
Toyota MarkX	3,029	3,029	-	2,125	2,125	By Negotiation	Sheikh Hassan Shahzad, Karachi.
June 30, 2015	3,029	3,029	-	2,125	2,125		

	Note	June 30, 2015	June 30, 2014
		(Rupees in '000')	
6.1.2 Depreciation for the year has been allocated as follows:			
Direct costs	31	286,094	366,767
Distribution costs and administrative expenses	32	15,082	13,631
		301,176	380,398

	Owned Equipment	Advances to suppliers	Total
	(Rupees in '000')		
6.2 Capital work-in-progress			
As at July 01, 2014	-	3,839	3,839
Addition during the year	-	1,739	1,739
June 30, 2015	-	5,578	5,578
June 30, 2014	-	3,839	3,839

	Note	June 30, 2015	June 30, 2014
		(Rupees in '000')	

7. INTANGIBLE ASSETS

	Note	June 30, 2015	June 30, 2014
Intangible assets	7.1	1,704,403	1,885,540
Capital work in progress-software development		540	540
		1,704,943	1,886,080

7.1 The statement of intangibles assets is as follows:

		Cost			Accumulated depreciation				W.D.V.	
	Note	As at July 01, 2014	Addition during the year	As at June 30, 2015	As at July 01, 2014	For the year	(On disposals)	As at June 30, 2015	As at June 30, 2015	Period years
		(Rs. in '000')								
WLL Licenses	7.1.1	3,345,096	-	3,345,096	1,545,417	179,969	-	1,725,386	1,619,710	16-20
LDI License	7.1.2	29,029	-	29,029	13,416	1,548	-	14,964	14,065	18-20
Computer software		38,836	400	39,236	38,836	20	-	38,856	380	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2015		**3,529,825**	**400**	**3,530,225**	**1,644,285**	**181,537**	**-**	**1,825,822**	**1,704,403**	

		Cost			Accumulated depreciation				W.D.V.	
	Note	As at July 01, 2013	Addition during the year	As at June 30, 2014	As at July 01, 2013	For the year	(On disposals)	As at June 30, 2014	As at June 30, 2014	period years
		(Rs. in '000')								
WLL Licenses	7.1.1	3,345,096	-	3,345,096	1,365,448	179,969	-	1,545,417	1,799,679	16-20
LDI License	7.1.2	29,029	-	29,029	11,868	1,548	-	13,416	15,613	18-20
Computer software		38,836	-	38,836	38,788	48	-	38,836	-	5
Goodwill		116,864	-	116,864	46,616	-	-	46,616	70,248	
June 30, 2014		3,529,825	-	3,529,825	1,462,720	181,565	-	1,644,285	1,885,540	

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

This also include frequency NTR-II in respect of which the Group has given an option, to a telecom operator to consider acquiring the same. The amortized cost of the frequency is Rs. 16.309 million.

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
7.3 Amortization for the year has been allocated as follows:			
Direct costs	31	181,517	181,517
Distribution costs and administrative expenses	32	20	48
		181,537	181,565

8. LONG-TERM DEPOSITS

Security deposits

Line deposits – PTCL	45,778	45,778
Rented premises	3,174	3,274
Guarantee margin	3,500	-
China Orient Telecom Satellite Group	6,473	6,473
Others	460	7,460
	59,385	62,985

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

9. LONG-TERM INVESTMENTS

	Note	June 30, 2015	June 30, 2014
Unquoted - at cost			
Augere Holding (Netherland) B.V.	9.1	480,630	480,630
Less: Provision for impairment		(480,630)	(480,630)
		-	-

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

10. DEFERRED TAXATION

	Note	June 30, 2015	June 30, 2014
Deferred tax credits arising on:			
Accelerated tax depreciation		-	(39,663)
Amortisation of intangible assets		(446,413)	(423,762)
		(446,413)	(463,425)
Deferred tax debits arising from:			
Retirement benefits		1,979	3,909
Accelerated tax depreciation		2,404	-
Short-term provisions		494,821	544,401
Tax losses brought forward		337,664	334,400
		836,868	882,710
		390,455	419,285

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
11. COMMUNICATION STORES			
Stores		110,524	128,967
Provision for slow moving stores	11.1	(10,742)	(10,742)
		99,782	118,225
Consumables		2,281	1,600
		102,063	119,825

11.1 Provision against slow moving stores:

Balance at the end of the year		10,742	10,742

12. TRADE DEBTS

	Note	June 30, 2015	June 30, 2014
Unsecured - considered good			
Related parties	12.1	5,251	4,768
Others		922,951	575,680
Considered doubtful		226,031	258,419
Provision for debts considered doubtful	12.2	(226,031)	(258,419)
		-	-
		928,202	580,448

12.1 Related parties

Arfeen International (Private) Limited		1,456	2,301
World Trade Center (Private) Limited		795	450
Grand Leisure Corporation (Private) Limited		1,647	1,256
Envicrete Limited		1,007	716
Port Grand Limited		346	45
		5,251	4,768

12.2 Provision for debts considered doubtful:

Opening balance		258,419	275,903
Charge for the year		16,373	69,112
Provision written off against trade debts		(48,761)	(86,596)
		226,031	258,419

12.3 As at June 30, 2015, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: > Three months up to one year	Past due but not impaired: Above one year
	----------	---------- (Rupees in '000)	----------	----------
Others	922,951	202,610	434,834	285,507
Related parties	5,251	355	645	4,251
June 30, 2015	928,202	202,965	435,479	289,758
Others	575,680	198,313	166,894	210,473
Related parties	4,768	23	1,831	2,914
June 30, 2014	580,448	198,336	168,725	213,387

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000')	-------
13. LOANS AND ADVANCES			
Advances – unsecured			
Considered good			
Executives	13.1	3,363	3,030
Employees		6,561	17,214
Suppliers		24,695	21,259
		34,619	41,500
Considered doubtful			
Executives		276	276
Employees		1,765	942
Suppliers		3,282	3,282
Provision for advances considered doubtful	13.2	(5,323)	(4,500)
		-	-
		34,619	41,500
		34,619	41,500

13.1 The maximum aggregate amount due from the executives at the end of any month during the year was Rs.4.325 (2014: Rs.3.795) million.

13.2 Provision for advances considered doubtful

	Note	June 30, 2015	June 30, 2014
Opening balance		4,500	21,036
Reversal for the year	35	-	(7,147)
Provision for the year	32	823	-
Written-off during the year		-	(9,389)
		5,323	4,500

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
14. DEPOSITS AND PREPAYMENTS			
Deposits			
Deposits to foreign satellite bandwidth providers		15,195	17,707
Earnest money		7,472	9,057
Margin against guarantee		-	2,900
Others		2,155	1,719
		24,822	31,383
Considered doubtful:			
Earnest money		2,441	2,441
Provision against deposits considered doubtful		(2,441)	(2,441)
		-	-
Prepayments			
Rent		24,108	24,832
International Traffic Monitoring System		-	97,054
Interconnect operators		25,480	-
Others		1,002	1,306
		50,590	123,192
		75,412	154,575

15. ACCRUED MARK-UP

	Note	June 30, 2015	June 30, 2014
Due from a bank	15.1	57,364	58,188
Mark-up on current accounts with related parties	15.2 & 16.1.1	19,190	21,413
		76,554	79,601
Provisions against accrued markup	15.1 & 32	(48,587)	(48,587)
		27,967	31,014

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

15.2 Related parties

	June 30, 2015	June 30, 2014
Instaphone (Private) Limited	2,137	1,680
Instaphone Infrastructure (Private) Limited	-	1,503
Arfeen International (Private) Limited	17,053	18,230
	19,190	21,413

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
16. OTHER RECEIVABLES			
Considered good			
Related parties	16.1	9,467	6,801
Others:			
Karachi Relief Rebate	16.2	651,541	651,541
Amount withheld by PTCL against PTA-Escrow		96,041	84,597
In Escrow account with PTA		331,861	264,921
Pakistan Telecommunication Authority	16.3	2,077,498	2,022,560
Claim against a bank	16.4	998	998
Insurance claims		2,343	2,350
Due from a contractor		8,196	5,167
Deposit with FBR under Tax Amnesty scheme	16.6	2,991	2,991
Others		3,205	3,165
		3,174,674	3,038,290
Considered doubtful			
Pakistan Telecommunication Company Limited	16.5	727,303	727,303
Due from Zonal employees		15,874	15,874
Insurance claim		8,628	8,628
Others		4,369	4,369
		756,174	756,174
Provision for other receivables considered doubtful	16.7	(756,174)	(756,174)
		-	-
		3,184,141	3,045,091

16.1 Related parties

	June 30, 2015	June 30, 2014
Instaphone (Private) Limited	3,049	2,587
Grand Leisure Corporation (Private) Limited	747	747
Pakcom Limited	2,836	1,605
Paktel Limited	1,228	1,228
World Trade Center (Private) Limited	-	105
Envicrete Limited	1,217	529
Arfeen International (Private) Limited	390	-
	9,467	6,801

16.1.1 The above amounts due from related parties represent current account balances which are recoverable on demand. These carry mark-up at the rate of 15% (2014: 6 months KIBOR plus 3.5%) per annum (note 15.2).

16.2 (a) 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, passed an interim order in favor of the Group and appointed a firm of Chartered Accountants for the determination of the actual amount receivable (final sum) from the PTCL. The said firm calculated the relief rebate and interconnect discount in accordance with the direction of the Court, containing various amounts determined under various alternatives, for the period commencing January 1997 to August 2001.

As the Court already passed an interim order in August 2001 in favor of the Group 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.

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 and consider the recovery of this sum to be virtually certain. Accordingly, it has not made any provision against the above referred sum.

16.2 (b) During the year ended June 30, 2002, the PTCL filed a law suit against the Group for the recovery of Rs.334.313 million, alleging and disputing the relief rebate claimed/adjusted by the Group. 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.

16.3 In March 2007, the PTA issued show cause notices to eight telecom companies, including the Group, in respect of Access Promotion Contribution (APC) for Universal Service Fund (USF) under the AP Rules, 2004 and AP Regulations, 2005. In case of the Group, the amount demanded was Rs. 29.473 million. 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 licensees, 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. 4,429.269 million up to June 30, 2015 (June 30, 2014: Rs. 4,429.269 million) in respect of APC for USF on the basis of international termination traffic by the Group up to September 30, 2012, in addition to Rs. 29.473 million, aggregating to Rs. 4,458.742 million (June 30, 2014: Rs. 4,458.742 million), against which the Group paid a sum of Rs. 2,077.498 million under protest (June 30, 2014: Rs. 2,022.560) million (including forced payments in respect of research and development, annual regulatory fees 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 to the PTA on behalf of the Group, during the year ended June 30, 2010 and (c) Rs. 148.019 million paid up to June 30, 2015. Pending a final decision in this matter, the Group has recorded the said sum as due from the PTA under other receivables and has not adjusted the same nor any provision has been made for the remaining sum of Rs. 2,381.244 million (June 30, 2014: Rs. 2,436.182) 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, while determining the said charge and as a consequence demanding illegal and inflated dues from the Group. The Group has obtained interim injunctions from the Court preventing any adverse action from PTA.

Further, during the year June 30, 2012, in compliance with the directive of Ministry of Information Technology(MoIT) dated August 13, 2012 and the instructions issued there under by the PTA, vide letter No. 0401/12/(AP/CA) PTA, dated August 23, 2012, for the establishment of International Clearing House Exchange (ICH) between the LDI Operators and PTCL, which came into effect from October 1, 2012, all LDI Operators had authorized PTCL to terminate all Pakistan incoming traffic on their behalf and not via their own networks. As per the terms of the ICH agreement, PTCL retaining after 100% APC from the settlement rate directly disbursed on account of APCL, APC for USF and MTR/MTR-I as per the existing rules and regulations on behalf of the Group. However, the pre-ICH claims of PTA on account of APC for USF against such LDI Operators, where these are still pending, will remain the individual LDI Operators' responsibility, and will be settled through legal process. Furthermore, LDI operators will open a PTA-LDI Escrow account with PTA on individual basis and PTCL shall deposit 15% of respective net LDI share collected under this agreement in the said accounts, and the same can be utilized to settle the alleged outstanding claims of PTA on account of APC for USF if the decision of the Court is against the Group.

During the year ended June 30, 2014 Group has instituted a Constitutional Petition before the High Court of Sindh for setting aside order dated April 30, 2013 passed by Competition Commission (CCP) of Pakistan whereby Policy Directive issued by the Ministry of Information Technology to form International Clearing House (ICH) has been declared as illegal. As per Sindh High Court Order dated September 05, 2013 the impugned order is suspended and the matter is pending for Katcha Peshi. The CCP has imposed penalty @ 7.5% of annual turnover of each LDI for FY 2012, also a fine of Rs. 1.000 million is imposed on all LDI operators. The Group contend that CCP does not have any jurisdiction in matters concerning regulation of competition in the telecommunication sector as the same falls under the exclusive jurisdiction of PTA.

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, while determining the said charge and as a consequence demanding illegal and inflated dues from the Group. The Group has obtained interim injunctions from the Court preventing any adverse action from PTA.

Further during the current year, the Group along with other LDI Operators before the High Court of Sindh seeking declaration and permanent injunction for setting aside the Policy Directive dated June 17, 2014, issued by Ministry of Information Technology, whereby it has on the recommendation of PTA withdrawn the earlier Policy Directive dated August 13, 2012, by way of which International Clearing House was mandated to be established. The Court has suspended the operations of the said directive and further restrained MoIT from taking any coercive action.

16.4 This represents amount due from a bank in respect of the PTCL bills paid by the Group to the bank but not passed over to the PTCL. The Group has filed a lawsuit in the Court for the recovery of Rs. 0.998 (2014: Rs. 0.998) million and damages, aggregating to Rs. 8.245 (2014: 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.

16.5 This relates to a dispute with PTCL arising out of the WPS agreement executed between the parties dated May 13, 1999 whereby PTCL is claiming an amount of Rs. 1,000 million approximately as unpaid charges under different heads of the WPS agreement. In accordance with the provisions of the said agreement the dispute has been referred for arbitration before the sole arbitrator Retired Justice Nasir Aslam Zahid. The arbitration proceedings have commenced and subsequent to the year end the Group has filed its rebuttal through which it has denied the amounts claimed by PTCL and has instead submitted a counter claim of Rs. 244.000 million refundable to it by PTCL. Further, the Group has also filed a claim for damages in the sum of Rs. 2,300 million on account of losses suffered by it due to breach of the WPS agreement by PTCL in this arbitration.

16.6 During the year ended June 30, 2012, the Assistant Commissioner Inland Revenue adjudged the Group as assessee in default for non deduction of withholding tax under section 153 of the Income Tax Ordinance, 2001, for the tax year 2004 and raised a demand of Rs. 2.797 million in respect of tax not deducted and Rs. 2.414 million in respect of default surcharge. The Group filed an appeal before the Commissioner Inland Revenue (Appeals)(CIRA) which was rejected. The Group filed second appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication and the Group made a payment of Rs. 2.605 million, being 50% of above stated tax demand. Later on the Group opted to avail benefit of tax amnesty scheme vide Notification SRO 547/(I)/2012 dated May 22, 2012 in respect of waiver of default surcharge and made further payment of Rs. 191,576 and informed the Officer Inland Revenue (OIR) that since the Group has paid the original tax demand, the default surcharge stood waived. The OIR rejected the Group’s plea and demanded the payment of default surcharge. Group filed a appeal before the CIRA which was rejected.

The Group had filed second appeal before the ATIR. The ATIR after hearing remanded back the case to CIRA for careful consideration of the evidence of payment of tax by the Group. As per the legal advisor, on the conclusion of pending proceedings the tax paid by the Group would become refundable.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000)' -------	

16.7 Provision for other receivables considered doubtful

	Note	June 30, 2015	June 30, 2014
Opening balance		756,174	239,232
Provision for other receivables	37	-	516,942
		756,174	756,174

17. TAXATION – net

	Note	June 30, 2015	June 30, 2014
Advance income tax		310,699	248,701
Provision for taxation - current	40.1	(27,394)	(40,491)
		283,305	208,210

18. CASH & BANK BALANCES

	Note	June 30, 2015	June 30, 2014
Cash at banks:			
In current accounts			
Local currency		34,766	49,130
Foreign currency		3,612	9,256
		38,378	58,386
In saving accounts			
Local currency	18.1	69,398	115,677
Cash in hand		700	2,046
		108,476	176,109

18.1 These carry mark-up at rates, ranging between 4.5% and 7.06% (2014: 6% and 7.25%) per annum.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
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, 88,962,757 (2014: 83,906,757) Ordinary shares of Rs.10 each, amounting to Rs.889.628 (2014: Rs.839.063) million, were held by the related parties of the Holding Company.

20. LONG-TERM LOANS

	Note	June 30, 2015	June 30, 2014
Secured			
From banks			
Demand finance	20.1	113,117	154,250
Diminishing musharakah	20.2	145,614	-
		258,731	154,250
Current maturity shown under current liabilities	31	(11,344)	(92,375)
		247,387	61,875

20.1 During the year ended June 30, 2007, the Group obtained loan with the grace period of eighteen months repayable in eight semi-annual installments. The facility was restructured during the year ended June 30, 2010 and June 30, 2012. During the year under review, the facility was again restructured with the grace period of six months repayable in six stepped up semi-annual installments starting from July 22, 2015.

The loan carries markup at the rate of six month KIBOR plus 2.4% (2014: six month KIBOR plus 3.5%) per anum, with the markup payable on annual basis. The facility is secured against first pari passu charge over all fixed assets, ranking charge on all present and future fixed assets and first pari passu charge over the current assets of the Group.

20.2 This represents diminishing musharikah facility from bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with Islamic bank. This facility is for the period of five years with the grace period of 12 months repayable in 48 monthly installments starting from July 11, 2016. The facility carries profit at the rate of 3 month KIBOR (2014: Nil) per anum and it is secured against pari passu charge over the current assets of the Group and ranking charge over the fixed assets of the Group.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	

21. ADVANCE FROM A CONTRACTOR

	Note	June 30, 2015	June 30, 2014
Unsecured			
Advance from a Contractor		424,915	835,687
Exchange loss/(gain) on translation		12,558	(265)
Trade debts applied there against		(26,028)	(25,734)
Written-back during the year	21.2	-	(384,773)
		411,445	424,915

21.1 On April 30, 2010, the Group sold 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.

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 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. As the Contractor was committed to issue shares to the Group, shares in question, valuing Rs. 480.630 million (equivalent to US$5.307 million) were issued on April 04, 2012. 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 during the year ended June 30, 2010, representing amounts due from the Contractor in respect of services rendered thereto, pursuant to the Amended and Restated Network Agreement, discussed above.

21.2 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 entire value of the Credit Note will not be exhausted during the balance life of its WLL licenses. Since advance from the Contractor is not refundable and can be utilized against infrastructure services only, the Group has recognized to the income during the last year such amount that can reasonably be estimated as in excess of the amount that can be utilized over the remaining life of its WLL License. Since the Credit Note in question has not been finalized to date, it is not possible at present to calculate the amount to be taken into income during the next twelve months and accordingly, no amount have been transferred to the current liabilities at the end of the current year.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

22. LONG-TERM DEPOSITS

	Note	June 30, 2015	June 30, 2014
Security deposits			
Telenor LDI Communication (Private) Limited		35,652	35,978
Pakistan Mobile Communication (Private) Limited		8,872	9,338
Current portion shown under current liabilities	31	(38,609)	(39,090)
		5,915	6,226
Distributors		6,014	6,114
Indoor call point holders		3,740	17,210
Others		28,789	29,061
		44,458	58,611

23. DEFERRED LIABILITIES

	Note	June 30, 2015	June 30, 2014
Staff gratuity	23.1	7,477	9,001
Spectrum fee payable	23.2	1,585,500	1,585,500
		1,592,977	1,594,501

23.1 Staff gratuity

Reconciliation of obligaions as at year end

	Note	June 30, 2015	June 30, 2014
Present value of defined benefit obligation	23.1.1	7,477	9,001

23.1.1 Movement in liability

	June 30, 2015	June 30, 2014
Net liability at beginning of the year	9,001	11,847
Charge for the year	715	1,547
Benefits paid during the year	(2,239)	(4,293)
	7,477	9,001

23.1.2 Principal actuarial assumptions

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
Expected rate of increase in salaries, per annum		9.50%	9.50%
Expected discount rate, per annum		10.50%	10.50%

23.1.3 Comparison for five years

	2015	2014	2013	2012	2011
	--------------------- (Rupees in '000) ---------------------				
Present value of defined benefit obligation	7,477	9,001	11,847	9,015	12,243

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
23.2 INITIAL SPECTRUM FEE		1,585,500	1,585,500

23.2.1 This represents balance Initial Spectrum Fee in respect of the license and related frequencies acquired by the Group, as referred to in note 7. In 2005, the WLL Operators requested the Government, through the Ministry of Information Technology & Telecommunication (MoIT), to grant a moratorium for payment of the balance fee followed by a staggered payment schedule over 10 years. 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 Group for payment of balance of spectrum fees, while other payment modalities were to be finalized. Since then WLL Operators have been requesting the authorities for confirmation of staggering of balance fees over 10 years. On March 10, 2010, the Group received a letter from PTA approving the staggering of balance of initial spectrum fee in ten equal installments, commencing from the year 2009. However, few days later, PTA withdrew the said letter regarding it as being issued inadvertently, and instead issued a Show Cause Notice (SCN) to the Group on June 02, 2010, seeking explanation for the non-payment of balance initial spectrum fee, with an immediate demand for the payment of the said amount. The Group thereafter submitted a detailed response against the SCN 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, which have been challenged by the Group at appropriate forum.

The Group instituted an appeal against the said order in the Islamabad High Court (IHC) seeking to set aside on the basis that the same was issued in undue haste and without affording the Group an opportunity of hearing.

During the year ended June 30, 2011, the MoIT 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.

However, the above mentioned appeal was disposed-off by the said Court in 2012 due to mis-representation of PTA in the Court contending that the said directive of MoIT was issued for some other Spectrum not relevant for the WLL Operators. A Constitutional Petition for grant of Leave to Appeal (CPLA) was filed by the Group, in the Supreme Court, challenging the dismissal of the appeal by the Islamabad High Court (IHC) mainly on the grounds of MoIT afore referred letter through which this balance fees was required to be collected in instalments. In parallel, a fresh Writ Petition was also instituted by the Group in the Islamabad High Court (IHC) highlighting incorrect statements from PTA and also the MoIT directive in this regard which is pending adjudication. The Supreme Court has disposed of the CPLA with the directions to the MoIT, being on top of the hierarchy, to enforce its directive on the PTA and also to resolve the controversy whether the directive does or does not relate to the licensees.

During the year 2013, the matter was settled in favour of the Group. The IHC allowed installments of balance initial spectrum fee as prayed by the Group in line with the directive of MoIT dated August 30, 2011. In accordance with the Court Order, the legal advisor of the Group has requested to MoIT to enforce its directive on PTA and initiate collection of the balance Initial Spectrum Fee in 10 equal annual installments. The MoIT in turn instructed PTA to seek installment plan from the operators for onward submission to the Ministry with its recommendation.

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
24. TRADE AND OTHER PAYABLES			
Trade			
Pakistan Telecommunication Company Limited			
Wireless payphone service (WPS)	24.1	609,708	609,708
LL & LDI charges		60,367	43,060
Others		794	803
		670,869	653,571
Interconnect operators		25,709	13,136
Others		242,871	254,062
		939,449	920,769
Other payables			
Current accounts with related parties	24.2	62,853	74,849
Pakistan Telecommunication Authority		68,183	43,189
Advances from customers		200	251
Unearned income		57,442	77,212
Accrued liabilities		130,577	145,394
Unclaimed dividend		7,394	7,892
Workers’ Welfare Fund		4,164	4,416
Others		6,616	6,402
		337,429	359,605
		1,276,878	1,280,374

24.1 During the year ended June 30, 2007, the PTCL submitted an application in the Court of Senior Civil Judge, Islamabad, for arbitration in respect of resolution of disputes relating to WPS, claiming a sum of Rs.968.000 (June 30, 2014: Rs.968.000) million on account of air time charges, line rent and access charges and Rs.276.000 (June 30, 2014: Rs.276.000) million in respect of leased line charges from the Group. Further, the PTCL raised a bill for Rs.102.080 million and Rs.50.912 million for years ended June 30, 2009 and June 30, 2010. Hence, total amount claimed by the PTCL as at December 31, 2010 amounted to Rs.1,396.992 (June 30, 2014: Rs. 1,396.992) million.

However, the management, while acknowledging the liability to the extent of Rs.609.708 (June 30, 2014: Rs.609.708) million does not accept the liability for the remaining sum of Rs.787.284 (June 30, 2014: Rs.787.284) million and has not recorded the same in these financial statements. In this respect, however, 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.

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 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, 2015	June 30, 2014
		------- (Rupees in ‘000’) -------	
24.2 Related parties			
World Trade Center (Private) Limited		6,730	1,761
Envicon (Private) Limited		64	52
Arfeen International (Private) Limited		13,234	7,759
Total Telecom Limited		421	421
Instaphone Infrastructure (Private) Limited		36,851	58,853
Chaman Investment (Private) Limited		4,703	4,703
Pakcom Limited		-	239
Envicrete Limited		-	211
Societe Generale (Private) Limited		850	850
		62,853	74,849

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
25. ACCRUED INTEREST / MARK-UP			
On secured:			
Long-term loans	20	15,428	11,198
Redeemable capital	25.1	360,220	250,112
Short-term running finances	26	13,537	9,476
		389,185	270,786
On unsecured:			
Short term borrowings		4,426	157
Current accounts with related parties		16,259	13,929
		409,870	284,872

25.1 This includes overdue markup amounting to Rs. 349.872 (2014: Rs. 239.794) million.

26. SHORT-TERM RUNNING FINANCES

From banks – secured	127,831	298,420

26.1 The Group has arranged short-term running finance facilities, aggregating to Rs.150 (2014: Rs.150) million from a commercial bank. This carry mark-up three months KIBOR plus 3.5% (2014: three months KIBOR plus 3.5%) per annum, payable quarterly. These facilities are secured by a first charge on the stock and the book debts of the Group.

During the year by virtue of merger of the conventional bank with an Islamic bank, one of the running finance facility of the Group was converted into diminishing musharakah facility (note: 20.2).

27. SHORT-TERM BORROWING

Unsecured - loan from a related party		
World Trade Center (Private) Limited	51,597	93,757

27.1 The loan from the above referred related party carried markup at the rate of 6 months KIBOR plus 2.4% (2014:15%) per annum. This loan is repayable on demand.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

28. CURRENT MATURITIES OF LONG-TERM LIABILITIES

	Note	June 30, 2015	June 30, 2014
Long-term loans	20	11,344	92,375
Redeemable capital (TFCs)	28.1	747,575	792,170
Long-term deposits	22	38,609	39,090
		797,528	923,635

28.1 This represents overdue installments of Term Finance Certificates (TFC's) issued by the Group for the purposes of acquiring radio spectrum frequencies from the PTA and expanding/upgrading new WLL network. These TFC's carry markup at the rate of three months KIBOR plus 5.04%. As at June 30, 2015 seven full and one partial (2014: five full and one partial) installments were overdue. Subsequent to the year end and till the authorisation of these financial statements, Group has made payment nil (2014: 22.626) million out of the above overdue amount.

These are secured against a first specific charge over the fixed assets of the Group, aggregating to Rs.800.000 (2014: Rs.800.000) million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

29. CONTINGENCIES AND COMMITMENTS

Contingencies

29.1 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 requirements of the rules/regulations. This was stated without prejudice to the Group'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 year ended June 30, 2011, the PTA issued a determination dated October 31, 2010 in respect of the above matter, and demanded a sum of Rs. 56.470 million from the Group on account of short payment of APC for USF. The Group has filed a Writ Petition 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 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.

29.2 The Group filed a law suit against the Karachi Building Control Authority (KBCA) before the Court, for preventing their antennas from dismantling against notice issued by KBCA, dated February 26, 2006.

The KBCA has instructed all cellular phone companies to regularize 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. It is not possible at this juncture to assess and estimate the financial impact of the case in question. 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.

29.3 PTA, during the year 2012 , issued a show cause notice, alleging that the Group is not following the Approved Settlement Rate (ASR) while selling the international minutes as detremined by the PTA. The Group in response has rejected the allegations by stating that the very issue of determining ASR in light of the relevant Rules and Regulations of the Authority stands sub-judice in the Honorable High Court of Sindh, which is currently pending and any further deliberations/implications/decisions relating to the ASR issue can only be made once a binding principle is established by the said Court in this matter. Further, the Group has also instituted a petition in the Hon'ble High Court of Sindh, challenging the show cause notice and the Court granted a stay to the effect that PTA will not revoke or cancel the Group's license in the matter. Sindh High Court dismissed the case as per order dated December 05, 2014 and ordered the PTA to schedule a hearing.

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

29.5 During the year ended June 30, 2013, the Group filed an appeal before the Sindh High Court (SHC) for setting aside Order dated June 30, 2012 passed by Pakistan Telecommunication Authority whereby PTA alleges that the Group is liable to pay APC for USF for the months of July 2010 to November 2011 a sum of Rs. 1,400.000 million. The Court has granted stay and no coercive action be taken by PTA. The matter is pending for Katcha Peshi, in view of our legal advisor the Group has a good arguable case on merits and is likely to succeed in obtaining relief claimed against the respondents.

29.6 During the year ended June 30, 2014, the Group has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking permanent injunction and damages impugning notice dated May 27, 2011, issued by NAB authorities for the recovery of alleged dues of Rs.1,233.540 million on account of APC for USF contribution and quashment of inquiry being conducted against the Group by NAB authorities for recovery of this amount. The Court was pleased to restrain NAB from proceeding further. The matter is pending for hearing of application, in view of our legal counsel the Group has a good arguable case on merits and the Suit is likely to be decreed in favour of the Group. Accordingly, no provision has been made for any liability in these financial statements for the above.

The Group has filed a Constitutional Petition (CP) before the High Court of Sindh at Karachi, seeking certain declarations and restraining orders against PTA and National Accountability Bureau challenging Notice dated May 29, 2012, issued by PTA to the Group under section 5(r) of the NAB Ordinance, whereby PTA has required the Group to make payment of alleged dues of Rs. 2,400.000 million on account of APC for USF Contribution within 30 days from the date of the Notice. The Court has suspended the operations of the said order in addition to restraining the PTA from taking any coercive action. In view of our legal advisor the Group has a good arguable case on merit and is likely to succeed in obtaining relief claimed against the respondents. Accordingly, no provision has been made for any liability in these financial statements for the above.

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

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

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

The income tax return filed by the Group 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 Group has filed an appeal against the same before the Income Tax Appellate Tribunal (ITAT) which has decided the case against the Group, after admitting an adjustment of tax refundable, amounting to Rs. 4.529 million, against tax demand of Rs. 19.358 million, thus creating a final tax demand of Rs. 14.789 million. The Group has filed an appeal in the Court, which has not been heard to-date.

29.9 During the year ended June 30, 2015, the Group has filed a Constitutional Petition against the letter issued by Assistant Commissioner, Sindh Revenue Board to deposit Rs. 824.399 (2014: Nil) million on account of Sindh Sales Tax on services for the tax period July 2012 to July 2014. The court through its order dated December 06, 2015 restrained the respondents to take any coercive action against the Group. The appeal is pending before the Court and the management is confident about the favourable outcome of the case and hence no provision has been considered necessary in the financial statements.

29.10 PTCL's claim amounting to Rs.1,618.426 (2014: Rs.1,627.552) 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.

29.11 Contingencies in respect of matters relating to the PTCL have been disclosed in notes 16.2 and 24.1 to the financial statements. Pending resolutions of these matters no provisions have been made against the amounts disclosed in these notes.

29.12 Contingencies in respect of the PTA claim for APC for USF and ISF are disclosed in note 16.3 and 23.2.1 to the financial statements against which no provisions have been made in these financial statements in accordance with the advice of the legal advisor.

29.13 During the year ended June 30, 2005, a suit was filed by Shinawatra Satellite Public Group Limited, Thailand, in the High Court of Sindh against the Group for the recovery of transponder service fee inclusive of withholding tax and interest thereon, amounting to US$324,625 equivalent to Rs. 33.322 (2014: Rs. 32.284) million. Out of this amount, a sum of Rs. 12.738 (2014: Rs. 12.738) million had been withheld from the payments made by the Group to the above-referred entity. The balance amount of Rs. 19.545 (2014: Rs. 19.545) million has not been provided for in these financial statements as the Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

29.14 The income tax assessments of the Supernet Limited, a Subsidiary Company have been finalized up to and including the tax year 2014. While finalizing 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, 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 17, pending a final decision in this matter.

During the year ended June 30, 2013, the Subsidiary Company received notice under section 177 of the Income Tax ordinance 2001 for the tax year 2008 and subsequently tax demand of Rs. 15.398 million was raised, the Subsidiary Company has so far furnished evidence of Rs. 13.272 million while pursuing for remaining tax deductions evidences of Rs. 2.126 million and to submit details to the department. So far no action has been taken against the Subsidiary Company by Tax Department. 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 pending a final decision in this matter.

29.15 A suit was filed by Huawei Technologies Company Limited, China in the High Court of Sindh against the Group for the return of certain equipment or payment of US$300,000 equivalent to Rs.30.795 (2014: Rs.29.835) million and a compensation of US$270,000 [approximately Rs. 27.715 (2014: Rs. 26.852) million] for the use of equipment. During the year ended June 30, 2005, the subject equipment was returned by the Group in the presence of a representative of the Court. However, the decision regarding the payment of compensation is still pending before the Court. The Group's lawyer has opined that the suit is subject to evidence produced in this matter and is likely to be decided in Group's favour, and, hence, pending a final decision by the High Court of Sindh in this matter, no provision has been made for any liability that may arise as a result of the said lawsuit in these financial statements.

29.15 Counter guarantees given to banks amounting to Rs.183.595 (2014: 189.73) million.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

30. REVENUE – NET

	Note	June 30, 2015	June 30, 2014
Turnover		2,737,832	3,332,240
APC for USF	30.1	(203,234)	(586,759)
Trade discounts		(1,235)	(1,649)
		2,533,363	2,743,832
Services rendered to the Contractor under the note 21		26,028	25,731
Sale of equipment		84,982	92,708
		2,644,373	2,862,271

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

31. DIRECT COSTS

	Note	June 30, 2015	June 30, 2014
Salaries and other benefits	31.1	143,050	119,721
Interconnect charges		117,866	83,479
Network media charges		67,214	56,066
Network sites rent		50,418	98,009
Network sites utilities and maintenance		58,118	119,975
Satellite communication charges		939,304	785,898
Cost of cards sold	31.2	13	74
Communication stores consumed	31.3	81,589	56,950
Support Service Cost		26,497	22,908
Repair and maintenance		760	6,115
Royalty	31.4	2,712	1,709
Consultancy charges		2,496	1,526
Conveyance and travelling		14,365	10,634
Communication		2,114	1,355
Insurance		9,791	15,632
Annual license fee		34,373	103,012
Depreciation	6.1.2	286,094	366,767
Amortisation	7.3	181,517	181,517
Monitoring Charges		3,504	10,117
Others		6,855	3,145
		2,028,650	2,044,609

31.1 This includes a sum of Rs.2.179 (2014: Rs.1.722) million in respect of the Group's contribution towards retirement benefits.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

31.2 Cost of cards sold

Opening stock		302	628
Purchases		-	298
Stock written off		(289)	(550)
		13	376
Closing stock			(302)
		13	74

31.3 Communication stores consumed

Opening stock		128,967	133,754
Purchases		63,147	52,163
		192,114	185,917
Closing stock		(110,525)	(128,967)
		81,589	56,950

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

32. DISTRIBUTION COSTS & ADMINISTRATIVE EXPENSES

	Note	June 30, 2015	June 30, 2014
Salaries and other benefits	32.1	252,051	258,098
Postage, telephone and telex		2,153	4,013
Vehicles running and maintenance		16,069	25,754
Travelling and entertainment		26,639	23,860
Office security and maintenance		9,559	15,051
Stationery and Photocpies		4,536	7,287
Rent and utilities		100,795	96,313
Insurance		6,964	7,547
Legal and professional charges		21,868	11,876
Auditors' remuneration	32.2	4,492	4,538
Sales promotion and marketing		8,296	12,680
Fee and subscription		2,012	1,893
Depreciation	6.1.2	15,082	13,631
Amortisation	7.3	20	48
Repair and maintenance		7,279	8,526
Communication		1,417	2,384
Provision for debts considered doubtful	12.2	16,373	69,112
Trade debts written-off		12,535	-
Provision for advance considered doubtfult		823	671
Stock written-off	31.2	289	550
Provision for accrued markup		-	48,587
Late payment surcharge – PTA	15.1	-	40,513
Others		3,032	15,041
		512,284	667,973

32.1 This includes Rs. 0.715 (2014: Rs. 1.547) million in respect of gratuity expense for the year & Rs.8.267 (2014: Rs. 6.576) million in respect of the Group's contribution towards provident fund.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
32.2 Auditors' remuneration			
Fee for the audit of annual financial statements		2,694	2,624
Fee for the audit of consolidated financial statements		350	350
Fee for the review of half yearly financial statements and other certifications		1,140	1,298
Out-of-pocket expenses		308	266
		4,492	4,538

33. OTHER OPERATING EXPENSES

	Note	June 30, 2015	June 30, 2014
Exchange loss – net		16,605	8,164
Workers' Welfare Fund		852	4,144
		17,457	12,308

34. PROVISIONS FOR IMPAIRMENT IN THE VALUE OF INVESTMENT & FOR OTHER RECEIVEABLES

	Note	June 30, 2015	June 30, 2014
Provision for other receivable considerd doubtful		-	516,972

35. OTHER INCOME

	Note	June 30, 2015	June 30, 2014
Income from financial assets			
Return on bank deposits and term deposit receipt		32,076	19,952
Liabilities no longer payable written back		93,033	697,092
Income from sale of option	35.1	-	20,880
Miscellenous income		-	18,758
		125,109	756,682
Mark-up on current accounts with related parties		2,179	6,161
Income from non-financial assets			
Gain on sale of fixed assets		2,125	4,683
Professional service to a related party		18,000	18,000
Provision written back	13.2	-	7,147
Others		15,485	4,223
		35,610	34,053
		162,898	796,896

35.1 This represents income from option granted to telecom operator to consider acquiring one of the Group's telecom license.

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	

36. FINANCE COSTS

Mark-up on secured:

	Note	June 30, 2015	June 30, 2014
Long-term loans		15,713	19,360
Redeemable capital		110,108	127,795
Short-term borrowings		4,422	17,249
Short-term running finances		36,577	35,137
Markup on accounts with related party		6,567	11,971
Bank charges		5,373	5,103
		178,760	216,615

37. TAXATION

	Note	June 30, 2015	June 30, 2014
Current	37.1	35,039	40,743
Prior		(7,645)	(252)
Deferred		28,831	2,823
		56,225	43,314

37.1 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.

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

	June 30, 2015	June 30, 2014
Profit after tax for the year (Rupees in 000)	13,895	157,406
Weighted average number of shares	300,000,000	300,000,000
Basic earnings per share (Rupees)	0.05	0.52

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

	Note	June 30, 2015	June 30, 2014
		------- (Rupees in '000') -------	
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		70,120	200,720
Adjustments for non-cash charges and other items:			
Depreciation	6.1.2	301,176	380,398
Amortisation	7	181,537	181,565
Provision for gratuity		715	1,547
Finance costs		173,387	211,512
Provision for debts considered doubtful	35	16,373	69,112
Provision for deposit considered doubtful		-	671
Provision for advances considered doubtful		823	-
Provision against accrued markup	15.1	-	48,587
Liability written back	21.2	-	(384,773)
Provision written back		-	(7,147)
Provision for other receivables		-	516,942
Stock written-off		289	-
Gain on sale of fixed assets		(2,125)	(4,683)
		672,175	1,013,731
Profit before working capital changes		742,295	1,214,451
(Increase) / Decrease in current assets			
Communication stores		17,762	5,688
Stock-in-trade		13	326
Trade debts		(364,127)	79,242
Loans and advances		6,058	31,976
Deposits and prepayments		79,163	(39,455)
Other receivables		(139,050)	(85,240)
Short-term investment and accrued mark-up		3,047	(9,589)
		(397,134)	(17,052)
(Decrease) in trade and other payables		(3,496)	(523,273)
Cash generated from operations		341,665	674,126

40. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs. in '000')					
Managerial remuneration	23,181	4,937	83,625	22,639	4,662	87,825
Other perquisites and benefits:						
House rent	2,702	2,222	17,568	2,613	2,098	16,859
Medical	84	65	654	141	60	1,122
Retirement benefits	484	411	2,288	484	400	2,455
Perquisites and benefits	6,181	-	54,713	6,007	-	41,130
Leave passage	567	-	4,134	567	-	2,174
Utilities	3,074	494	3,772	1,518	466	3,746
	13,092	3,192	83,129	11,330	3,024	67,486
	36,273	8,129	166,754	33,969	7,686	155,311
Number of persons	4	2	80	4	2	60

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

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The risk is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management. The Board of Directors supervises the overall risk management approach within the Group.

41.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices.

41.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of June 30, 2015, the Group is exposed to such risk mainly in respect of long-term and short-term borrowings and short-term investments and loan.

Management of the Group estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Group's profit by Rs. 8.203 million and a 1% decrease would result in an increase in the Group's profit by the same amount. However, in practice, the actual results may differ from the sensitively analysis.

41.1.2 Foreign currency risk

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

	June 30, 2015	June 30, 2014
	----------------US$----------------	
Trade debts	2,733,812	851,778
Bank balances	4,052	94,616
Trade and other payables	(1,011,537)	(1,091,713)
	1,726,327	(145,319)

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

Exchange rate (Rupees)	101.70	98.75

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, 2015	+10	17,557	7,557
	-10	(17,557)	(17,557)
June 30, 2014	+10	(1,435)	(1,435)
	-10	1,435	1,435

41.1.3 Equity risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of June 30, 2015 the Group is not exposed to equity price risk.

41.2 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, 2015	June 30, 2014
	------- (Rupees in '000') -------	
Trade debts	928,202	580,448
Long-term deposits	59,385	62,985
Loans and advances	34,619	41,500
Other receivables	3,184,141	3,045,091
Accrued mark-up	27,967	31,014
Bank balances	107,776	174,063
	4,342,090	3,935,101

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

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

Trade debts		
Customers with no defaults in the past one year	928,202	580,448
Bank balances		
A1+	75,188	124,001
A1	252	1,807
A-2	20,513	12,137
A-1	11,823	759
A3	-	35,359
	107,776	174,063

41.3 Liquidity risk

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

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	---------------------------(Rupees in '000')---------------------------				
Long-term loans	5,672	5,672	247,387	-	258,731
Redeemable capital	747,575	-	-	-	747,575
Long-term deposits	2,957	35,652	44,458	-	83,067
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	60,926	1,215,952	-	-	1,276,878
Accrued mark-up	409,870	-	-	-	409,870
Short-term borrowings/ running finances	51,597	127,831	-	-	179,428
June 30, 2015	1,278,597	1,385,107	1,877,345	-	4,541,049

	Less than 3 months	3 to 12 months	1 to 5 Years	5 years	Total
	---------------------------(Rupees in '000')---------------------------				
Long-term loans	40,812	51,563	61,875	-	154,250
Redeemable capital	396,152	396,018	-	-	792,170
Long-term deposits	-	39,090	58,611	-	97,701
Spectrum fee payable	-	-	1,585,500	-	1,585,500
Trade and other payables	-	1,280,374	-	-	1,280,374
Accrued mark-up	284,872	-	-	-	284,872
Short-term borrowings/running finances	93,757	298,420	-	-	392,177
June 30, 2014	815,593	2,065,465	1,705,986	-	4,587,044

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

41.4 Fair value of financial instruments

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

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

41.5 Capital management

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

The Company monitors capital using a gearing ratio, which is calculated total borrowings including current & non-current borrowing, regualtory dues as disclosed in note 23.2, 24, 25, 26, 27 & 28 less cash equivalent as disclosed in note 18 divided by equity as follows:

	June 30, 2015	June 30, 2014
	------- (Rupees in '000') -------	
Total debt	2,972,326	3,186,184
Less: cash & cash equivalent	108,476	176,109
Net debt	2,863,850	3,362,293
Total Equity	2,869,563	2,855,668
Total Debt and Equity	5,733,413	6,217,961
Gearing Ratio	50.0%	54.1%

42. TRANSACTIONS WITH RELATED PARTIES

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

	June 30, 2015	June 30, 2014
	------- (Rupees in '000') -------	
Entities having directors in common with the Group		
Arfeen International (Private) Limited		
Payments made on behalf of the Group	1,050	2,150
Payments made on behalf by the Group	132	-
Service rendered	417	676
Markup charged to the Group	1,177	-
Markup charged by the Group	-	4,781
Rent charged during the year	5,520	5,520
Sale of fixed asset	-	1,400
Service received	479	1,043
World Trade Center (Private) Limited		
Services received	57,031	60,349
Service rendered	300	468
Markup charged to the group	4,457	23,771
Payment against short term borrowing	42,160	4,743
Envicrete Limited		
Services rendered	284	249
Payments made on behalf by the group	18	-
Portgrand Limited		
Services rendered	375	71
Services received	357	148
Provident Fund		
Contribution during the year	8,267	6,576
Instaphone Infrastructure (Private) Limited		
Services rendered	18,000	35,940
Services received	20,519	45,627
Mark-up charged to the Group	3,799	4,702
Payment made on behalf of the Group	316	3,919
Instaphone (Private) Limited		
Mark-up charged by the company	457	457
Envicon (Private) Limited		
Services received	12	-
Pakcom Limited		
Services rendered	37	-
Payments made on behalf by the group	434	-

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

43. PROVIDENT FUND RELATED DISCLOSURES

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

	June 30, 2015 (Un-audited)	June 30, 2014 (Audited)
	------- (Rupees in ‘000’) -------	
Size of the Fund - total assets	47,486	44,168
Cost of the investment made	36,468	37,250
Fair value of investments	43,478	40,707
Percentage of investments made	91.56%	92.16%

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

	2015	%	2014	%
Bank balances/deposits	15,957	37	21,525	53
Mutual funds	20,508	47	12,886	32
National Saving Schemes	7,013	16	6,296	15
	43,478		40,707	

44. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 447 (2014: 451) and average number of employees during the year were 454 (2014: 478).

45. CORRESPONDING FIGURES

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

Reclassified from	Reclassified to	Rupees in ‘000
Bank balance	Other receivables	264,921

46. DATE OF AUTHORISATION ISSUE

The consolidated financial statement were authorized for issue on October 08, 2015 by the board of directors of the Group.

47. GENERAL

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

Chief Executive

Director

Pattern of Shareholding
As at June 30, 2015

Number of share Holders	Share Holding From	To	Total Share Held
163	1	100	6,103
517	101	500	239,327
730	501	1000	723,123
1,494	1001	5000	4,691,598
611	5001	10000	5,333,940
229	10001	15000	3,070,428
186	15001	20000	3,561,271
116	20001	25000	2,810,297
68	25001	30000	1,969,080
35	30001	35000	1,178,954
35	35001	40000	1,369,500
23	40001	45000	986,331
95	45001	50000	4,707,253
14	50001	55000	758,500
21	55001	60000	1,231,450
9	60001	65000	570,337
8	65001	70000	555,500
21	70001	75000	1,558,000
6	75001	80000	473,000
10	80001	85000	840,500
6	85001	90000	525,500
10	90001	95000	924,769
60	95001	100000	5,993,500
3	100001	105000	307,100
6	105001	110000	655,000
4	110001	115000	457,000
4	115001	120000	474,500
13	120001	125000	1,613,500
4	125001	130000	514,197
4	130001	135000	534,500
2	135001	140000	272,500
5	140001	145000	721,500
8	145001	150000	1,199,000
1	150001	155000	155,000
3	155001	160000	478,096
1	160001	165000	163,500
2	165001	170000	339,000
1	170001	175000	175,000
2	175001	180000	360,000
2	180001	185000	368,500
2	185001	190000	380,000
15	195001	200000	2,999,500
2	200001	205000	400,501
1	210001	215000	210,500
4	220001	225000	893,440
2	225001	230000	456,000
1	230001	235000	235,000
2	235001	240000	476,500
1	240001	245000	240,500
4	245001	250000	1,000,000
3	250001	255000	759,500
1	255001	260000	259,000
1	265001	270000	268,500
2	270001	275000	545,435
1	275001	280000	277,470
1	285001	290000	288,000
7	295001	300000	2,100,000
1	300001	305000	301,000
1	315001	320000	320,000

Number of share Holders	Share Holding From	To	Total Share Held
1	320001	325000	325,000
1	325001	330000	327,302
1	330001	335000	335,000
2	345001	350000	700,000
1	355001	360000	360,000
1	375001	380000	380,000
1	395001	400000	400,000
2	400001	405000	804,100
1	405001	410000	410,000
1	415001	420000	419,800
1	425001	430000	428,000
1	440001	445000	443,000
2	445001	450000	900,000
9	495001	500000	4,500,000
1	500001	505000	501,000
1	540001	545000	543,000
1	545001	550000	550,000
2	595001	600000	1,200,000
1	610001	615000	613,000
1	630001	635000	634,375
1	640001	645000	643,500
1	645001	650000	650,000
1	715001	720000	718,500
1	725001	730000	727,255
2	795001	800000	1,600,000
1	855001	860000	858,000
1	955001	960000	960,000
3	995001	1000000	2,995,118
1	1030001	1035000	1,033,638
1	1035001	1040000	1,040,000
1	1070001	1075000	1,073,642
1	1170001	1175000	1,172,000
1	1210001	1215000	1,214,500
1	1420001	1425000	1,424,362
1	1665001	1670000	1,667,500
2	1745001	1750000	3,500,000
1	1895001	1900000	1,900,000
1	1995001	2000000	2,000,000
1	2015001	2020000	2,018,500
1	2090001	2095000	2,095,000
1	2150001	2155000	2,155,000
1	2245001	2250000	2,250,000
1	2395001	2400000	2,400,000
1	2495001	2500000	2,500,000
1	2750001	2755000	2,751,000
2	2995001	3000000	5,996,749
1	3890001	3895000	3,894,858
1	3915001	3920000	3,920,000
1	6995001	7000000	7,000,000
1	7315001	7320000	7,320,000
1	10020001	10025000	10,022,400
1	21670001	21675000	21,671,376
1	22725001	22730000	22,727,180
1	39870001	39875000	39,870,345
1	56175001	56180000	56,179,000
4656			300,000,000

Catagories of Shareholders

As at June 30,2015

Name	NO OF SHARES	NOS	%
INDIVIDUALS	117,973,244	4,559	39
ASSOCIATED COMPANIES			
CHAMAN INVESTMENT (PVT) LTD	91,000	1	0.03
ARFEEN INTERNATIONAL (PVT) LTD	3,086,749	2	1.03
WORLD TRADE CENTRE (PVT) LTD	40,092,285	2	13.36
INTERNATIONAL COMMUNICATION GROUP	7,320,000	1	2.44
ENVICRETE LIMITED	2,400,000	1	0.80
GATES LIMITED	634,375	1	0.21
GATES INTERNATIONAL LIMITED	3,894,858	1	1.30
ICG USA	2,500,000	1	0.83
	60,019,267	10	20.01
JOINT STOCK COMPANIES	66,833,167	55	22.28
BANKS, DFI'S, INSURANCE COMPANIES	22,989,128	8	7.66
MODARBAS AND MUTUAL FUNDS & OTHERS	6,128,160	12	2.04
	95,950,455	75	31.98
FOREIGN INVESTORS			
BARING SECURITIES NOMINEES LTD	400	1	0.00
BOSTON SAFE DEPOSIT & TRUST	1,500	1	0.00
LEHMAN BROTHERS SECURITIES	3,400	1	0.00
STATE STREET BANK & TRUST CO U.S.A.	7,600	1	0.00
	12,900	4	0.00
DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSES			
SULTAN UL ARFEEN	1,426,362	2	0.48
SHAHID FIROZ	1,073,642	1	0.36
SAMINA SHAHID	450,000	1	0.15
NIGHAT SULTANA	301,000	1	0.10
CHAMAN ARA BEGUM	10,000	1	0.00
SHAMS UL ARFEEN	22,783,130	2	7.59
	26,044,134	8	8.68
Total	300,000,000	4,656	100

Form of Proxy

I/We____s/o_______________________
of___________being a member of Telecard Limited and holding ____________________________
ordinary shares as per Folio No____________________________________and/or CDC participant I.D. No.___________________________and Sub-Account No.____________________________hereby appoint ____of___________________________________or failing him ____of ________________________________as my / our proxy to vote for me/us and on my behalf at the Annual General Meeting of the Company to be held on Friday October 30, 2015 at 12:00 p.m. at 3rd Floor, 75 East, Blue Area, Fazal ul Haq Road, Islamabad, and at any adjournment thereof.

Signed this _________________ day of__________________, 2015.

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.