



Ref: CLS/092
8 June 2010

Mr. Haroon Askari
General Manager Operations
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building Karachi

Placement of Telecard on the Non-Compliant Segment of the Exchange

Dear Sir,

This has reference to your letter number KSE/Gen-4042 dated 4 June 2010 regarding the captioned subject.

We would like to draw your attention to the fact that subsequent to the detailed submissions by Telecard (the Company) on the reasons for not being able to declare dividend / bonus shares for five years, and the hearing conducted by the Exchange in 2009, the Company requested the Exchange through our letter dated 11 May 2009 to allow it until the end of calendar year 2010 (i.e. December 2010) to rectify the situation. This request was based on our expectation that the Company would be profitable in the fiscal year 2010 (ending in June 2010), and could declare dividend along with announcement of its annual results scheduled for September/ October 2010.

In light of the subsequent extension granted by the Exchange only up to 30 June 2010, the Company endeavored to announce an interim distribution within the current financial year. However, due to the unforeseen technical outage faced by the Company in September 2009, the Company faced substantial loss of revenue of almost 4 months which forced the company into losses for the 2nd and 3rd quarters of the financial year. The Company has since recovered from this outage and is back to healthy traffic and revenue levels. This has been shared with the stakeholders in the Company's results and associated Director's Report for the last two quarters. Therefore, due to this unforeseen development, the Company could not meet the deadline imposed by the Exchange.

We would also like to draw your attention to the fact that in Q4 of the current financial year the Company completed sale of some of its spectrum at a value of Rs. 1,580 million, and the transaction has already been shared with the Exchange on 7 May 2010. We expect that based on this very material transaction the Company will be in a position to declare distribution for the financial year ending 30 June 2010. Announcement of financial results along with any profit distribution announcement is expected by October 2010.