

TELECARD LIMITED
1ST Quarterly Accounts
For the period ended
30 September 2018

Company Information

Board of Directors

Mr. Sultan ul Arfeen (Chairman)
Syed Aamir Hussain (CEO)
Mr. Shams ul Arfeen
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)
Syed Aamir Hussain
Mr. Shams ul Arfeen

Chief Executive Officer

Syed Aamir Hussain (CEO)

Legal Advisor

Mohsin Tayebaly & Co.

Chief Financial Officer

Syed Hashim Ali

Company Secretary

Mr. Waseem Ahmad

Banks

Habib Metropolitan Bank Ltd
National Bank of Pakistan
Silk Bank Limited
Summit Bank
Habib Bank Limited

Registrar and Share Transfer Office

Jwaffs Registrar Services (Pvt.) Ltd.
407-408, 4th Floor, Al Ameera Centre
Sharah-e-Iraq Karachi

Registered Office

3rd Floor, 75 East, Blue Area,
Fazal-ul-Haq Road, Islamabad
Pakistan

Corporate Office

7th Floor, World Trade Center, 10-
Khayaban-e-Roomi, Clifton, Karachi
Pakistan



Directors' Report

The Board of Directors of Telecard Limited are pleased to present the Financial Statements and review of your Company's performance for the period ended September 30, 2018.

Review of Current Operations

The revenue for the period ended September 30, 2018 was Rs. 265 million as against the revenue of Rs. 239 million for the corresponding financial period, the increase in revenue is attributable to the volume escalation of termination of international traffic, coupled with the appreciation of the exchange rate. Your company direct cost was lower when compared with similar period of the preceding financial year due to reduction in annual regulatory charges and amortization of intangible assets. Company has posted Gross Profit of Rs. 108 million compared to a Gross Profit of Rs. 69 million last time due to the foregoing reasons.

The administrative and distribution cost was higher when compared with the corresponding financial period. Finance cost for the period under review was fairly same when compared with similar period of the preceding financial year.

The Company incurred a loss after taxation of Rs. (25) million as against a loss after taxation Rs. (10) million during the corresponding financial period. The loss per share stood at Rs. (0.08) compared to a loss of Rs. (0.03) last time.

On a consolidated basis the Company posted revenue of Rs. 935 million as against revenue of Rs. 810 million for the corresponding financial period. Your company direct cost for the period was slightly higher in comparison with the preceding financial period. Company has posted Gross Profit of Rs. 321 million compared to a Gross Profit of Rs. 240 million for the preceding financial period.

The administrative and distribution cost was 39% higher in comparison with the corresponding period. Finance cost for the period under review was fairly the same when compared with the preceding financial period.

On a consolidated basis the Company incurred a loss after taxation of Rs. (13.8) million as against a profit of Rs. 5.3 million for the corresponding period. The loss per share stood at Rs. (0.05) as against a profit of Rs. 0.02 last time.

Future Prospects

Your Company stands committed to enhance revenue streams, with a sense of purpose and commitment.

On behalf of the Board

Syed Aamir Hussain
Chief Executive Officer

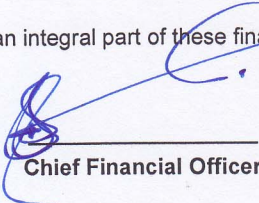
30 October, 2018

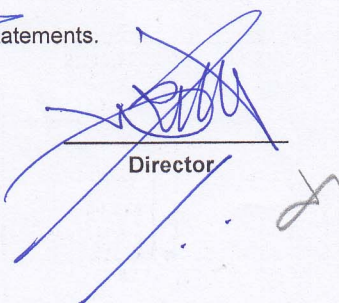
TELECARD LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEP 30, 2018

	Note	Sep 30, 2018	June 30, 2018
----- (Rupees in '000) -----			
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	543,946	556,648
Intangible assets		11,368	11,857
		<u>555,314</u>	<u>568,505</u>
Long-term investment		340,537	340,537
Deferred taxation		302,762	302,762
Long-term deposits		54,796	54,296
		<u>1,253,409</u>	<u>1,266,100</u>
CURRENT ASSETS			
Trade debts	5	626,889	650,373
Loans and advances		43,045	42,873
Deposits and prepayment		25,003	21,248
Accrued Mark-up		28,353	28,070
Other receivables	6	2,596,244	2,581,906
Taxation – net		131,913	132,960
Bank balances		10,649	16,228
		<u>3,462,096</u>	<u>3,473,658</u>
TOTAL ASSETS		<u><u>4,715,505</u></u>	<u><u>4,739,758</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
400,000,000 (2018: 400,000,000) Ordinary shares of Rs.10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up		3,000,000	3,000,000
Unappropriated loss		<u>(786,674)</u>	<u>(761,293)</u>
		<u>2,213,326</u>	<u>2,238,707</u>
NON-CURRENT LIABILITIES			
Term finance certificates		386,507	441,719
Advance from a Contractor		342,535	344,080
Long-term deposits		34,874	34,874
Deferred liabilities		5,162	5,121
		<u>769,078</u>	<u>825,794</u>
CURRENT LIABILITIES			
Trade and other payables	7	1,122,844	1,133,208
Unclaimed dividends		4,394	4,394
Accrued interest / Mark-up		110,566	97,570
Current maturities of long-term liabilities	8	495,297	440,085
		<u>1,733,101</u>	<u>1,675,257</u>
CONTINGENCIES AND COMMITMENTS			
	9	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>4,715,505</u></u>	<u><u>4,739,758</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

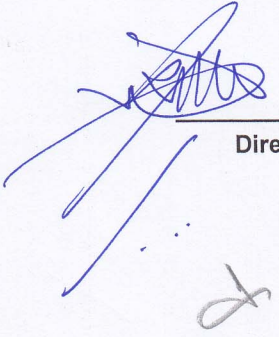
TELECARD LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		Sep 30, 2018	Sep 30, 2017
		----- (Rupees in '000) -----	-----
REVENUE – net		265,129	239,182
Direct costs	10	(157,359)	(170,063)
GROSS PROFIT		<u>107,770</u>	<u>69,119</u>
Distribution costs and administrative expenses		<u>(113,003)</u>	<u>(57,898)</u>
Other income		<u>2,363</u>	<u>924</u>
		<u>(110,640)</u>	<u>(56,974)</u>
OPERATING (LOSS) / PROFIT		<u>(2,870)</u>	<u>12,145</u>
Finance costs		<u>(13,885)</u>	<u>(14,077)</u>
(LOSS) BEFORE TAXATION		<u>(16,755)</u>	<u>(1,932)</u>
Taxation		<u>(8,626)</u>	<u>(8,363)</u>
(LOSS) FOR THE PERIOD		<u>(25,381)</u>	<u>(10,295)</u>
(LOSS) PER SHARE - Basic and diluted (Rupees)		<u>(0.08)</u>	<u>(0.03)</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director


TELECARD LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Three months ended	
	Sep 30, 2018	Sep 30, 2017
	----- (Rupees in '000) -----	
(Loss) for the period	(25,381)	(10,295)
Other comprehensive income	-	-
Total comprehensive (Loss)	(25,381)	(10,295)

The annexed notes from 1 to 13 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director

TELECARD LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Note	September 30, 2018	September 30, 2017
		..... (Rs. in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(16,755)	(1,932)
Adjustments for non cash charges and other items:			
Depreciation		14,763	17,332
Provision for gratuity		110	77
Financial charges		13,823	14,034
Advance from a contractor		(1,545)	(6,001)
Amortization of intangible assets		489	45,379
		27,640	70,821
Profit before working capital changes		10,885	68,889
(Increase) / decrease in current assets			
Trade debts		23,484	(34,779)
Loans and advances		(172)	(2,042)
Deposits, prepayments and accrued markup		(4,039)	(5,140)
Other receivables		(14,338)	(952)
		4,935	(42,913)
Increase from creditors, accrued and other liabilities		(11,191)	(2,589)
Cash generated from operations		4,629	23,387
Income tax paid		(7,578)	(9,601)
Financial charges paid		-	(12,843)
Retirement benefits paid		(69)	-
Long term loans and deposits		(500)	-
		(8,147)	(22,444)
Net cash (used in)/generated from operating activities		(3,518)	943
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,061)	(1,247)
Net cash used in investing activities		(2,061)	(1,247)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,579)	(304)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		16,228	5,889
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		10,649	5,585

The annexed notes from 1 to 13 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

TELECARD LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid-up	Unappropriated (loss) (Rupees in '000)	Total
Balance as at June 30, 2017	3,000,000	(630,641)	2,369,359
Net loss for the period	-	(10,295)	(10,295)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(10,295)	(10,295)
Balance as at Sep 30, 2017	3,000,000	(640,936)	2,359,064
Balance as at June 30, 2018	3,000,000	(761,293)	2,238,707
Net loss for the period	-	(25,381)	(25,381)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(25,381)	(25,381)
Balance as at Sep 30, 2018	3,000,000	(786,674)	2,213,326

The annexed notes from 1 to 13 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

1. THE COMPANY AND ITS OPERATIONS

Telecard Limited (the Company) was incorporated in Pakistan on October 29, 1992 as a public limited company and registered under the Companies Ordinance, 1984 (the Ordinance), [Repealed with the enactment of Companies Act, 2017]. The shares of the Company are listed on the Pakistan Stock Exchange Limited. 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 while the site office is situated at B-1, SITE area, Manghopir road, Karachi.

The regional offices of the Company are situated at the following:

- House no. 1 White House Lane near Aitchison College, Sundreas Road, Zaman Park, Lahore.
- Near Guttwala Bridge Sheikhpura Road, Faisalabad
- 4th Floor, Evacuee Trust Property Board Building Opposite PTCL Dera Adda Exchange Multan.

2. BASIS OF PREPARATION OF CONDENSED FINANCIAL STATEMENTS

These condensed financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and as per the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan. The condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2018.

	Note	September 30, 2018	June 30, 2018
		..... (Rs. in '000)	
4. PROPERTY, PLANT AND EQUIPMENT	4.1	543,946	556,648
4.1. Operating fixed assets			
Opening net book value		556,648	600,230
Additions during the period / year	4.1.1	2,061	20,397
		558,709	620,627
Depreciation charged during the period / year		14,763	63,979
		543,946	556,648

September 30, 2018
 June 30, 2018
 (Rs. in '000)

4.1.1. Details of additions during the current period are as follows:

Owned

Apparatus, plant and equipment
 Computers and related accessories
 Furniture, fixtures and office equipment

1,469	19,641
395	676
197	80
<u>2,061</u>	<u>20,397</u>

5. TRADE DEBTS

Unsecured

Considered good

<u>626,889</u>	<u>650,373</u>
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6. OTHER RECEIVABLES

Considered good

Related parties
 Due from Pakistan Telecommunication Company
 - Limited (PTCL)
 Due from PTCL against PTA-Escrow
 In Escrow account with PTA
 Pakistan Telecommunication Authority
 Late payment additional fees to PTA
 Insurance claims
 Claim against a bank
 Due from a contractor
 Others

835	850
325,771	325,771
96,041	96,041
345,594	345,594
1,778,964	1,778,964
37,544	22,642
56	56
998	998
4,240	5,030
6,201	5,960
<u>2,596,244</u>	<u>2,581,906</u>

Considered doubtful

Pakistan Telecommunication Company limited
 Karachi Relief Rabate

243,890	243,890
325,770	325,770
569,660	569,660
(569,660)	(569,660)
-	-
<u>2,596,244</u>	<u>2,581,906</u>

Provision for other receivables considered doubtful

September 30,
2018

June 30,
2018

7. TRADE AND OTHER PAYABLES

Trade

Pakistan Telecommunication Company Limited
Interconnect operators
Others

196,356	197,057
17,857	22,582
75,064	69,924
289,277	289,563

Other payables

Pakistan Telecommunication Authority
Spectrum fee payable
Current accounts with related parties
Advances from customers
Accrued liabilities
Unearned income
Payable to Employees provident fund
Workers' Welfare Fund
Others

7,030	7,030
317,100	317,100
382,644	380,682
7,782	4,152
104,641	113,973
473	721
-	6,085
4,964	4,964
8,933	8,938
833,567	843,645
1,122,844	1,133,208

8. CURRENT MATURITIES OF LONG TERM LIABILITIES

Long term loans
Redeemable capital

145,614	145,614
349,683	294,471
495,297	440,085

9. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

9.1. There has been no change in the status of contingencies reported in the financial statements for the year ended June 30, 2018.

(b) Commitments

9.2. Counter guarantees given to banks

43,125	43,125
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

Note	Three months ended	
	September 30,	September 30,
	2018	2017
	..... (Rs. in '000)	
10. DIRECT COSTS		
Interconnect charges	46,426	43,444
Network Media charges	58,661	17,824
Network site Rent	14,675	17,842
Network site utilities and maintenance	18,732	18,080
Insurance	576	514
Annual regulatory charges	3,478	10,285
Depreciation	14,322	16,695
Amortization of intangible assets	489	45,379
	<u>157,359</u>	<u>170,063</u>

11. TRANSACTIONS WITH RELATED PARTIES

The related parties include entities having directors in common with the Company, directors and other key management personnel. Transactions with related parties are as under:

Services provided by related parties	<u>11,507</u>	<u>14,831</u>
Service provided to related parties	<u>263</u>	<u>33,324</u>

12. DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorised for issue on October 30, 2018 by the Board of Directors of the Company.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.


Chief Executive


Chief Financial Officer


Director


TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	Sept 30, 2018 (Rs. in '000)	June 30, 2018
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property and equipment	4	849,576	883,664
Intangible assets	5	82,051	82,605
		<u>931,627</u>	<u>966,269</u>
Long term deposits		92,107	91,607
Long term Investments	6	-	-
Deferred taxation		<u>332,965</u>	<u>332,965</u>
		<u>1,356,699</u>	<u>1,390,841</u>
CURRENT ASSETS			
Communication stores		123,005	121,711
Trade debts	7	1,354,131	1,371,272
Loans and advances		127,130	111,775
Deposits and prepayments		83,906	76,384
Accrued mark-up		30,569	28,070
Other receivables	8	2,613,296	2,594,036
Taxation - net		311,002	311,199
Cash and bank balances		19,497	46,644
		<u>4,662,536</u>	<u>4,661,091</u>
		<u>6,019,235</u>	<u>6,051,932</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
400,000,000 (2018: 400,000,000) Ordinary shares of Rs. 10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up		<u>3,000,000</u>	<u>3,000,000</u>
Revenue Reserve			
Unappropriated loss		<u>(223,864)</u>	<u>(210,026)</u>
		<u>2,776,136</u>	<u>2,789,974</u>
NON-CURRENT LIABILITIES			
Long-term finances		55,417	88,625
Term finance certificates		386,507	441,719
Advance from a contractor		342,535	344,080
Long-term deposits		34,874	34,874
Deferred liabilities		8,023	7,982
		<u>827,356</u>	<u>917,280</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,582,782	1,603,501
Accrued mark-up	10	114,940	101,775
Unclaimed dividend		4,394	4,394
Short term financing		713,627	635,008
		<u>2,415,743</u>	<u>2,344,678</u>
CONTINGENCIES AND COMMITMENTS			
	11	-	-
TOTAL EQUITY AND LIABILITIES			
		<u>6,019,235</u>	<u>6,051,932</u>

The annexed notes from 1 to 16 form an integral part of these condensed consolidated financial statements.


Chief Executive

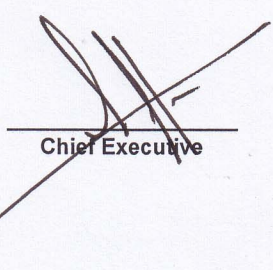

Chief Financial Officer


Director

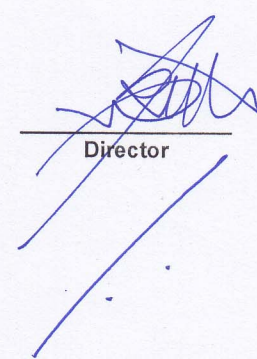
TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

		September 30, 2018	September 30, 2017
		..... (Rs. in '000)	
	Note		
REVENUE - net		934,674	810,094
Direct costs	12	(613,996)	(569,520)
GROSS PROFIT		<u>320,678</u>	<u>240,574</u>
Distribution cost and administrative expenses		(227,067)	(163,101)
Other operating expense		(24,245)	(686)
Other income		948	1,078
		<u>(250,364)</u>	<u>(162,709)</u>
OPERATING PROFIT		<u>70,314</u>	<u>77,865</u>
Finance costs		(21,153)	(20,422)
PROFIT BEFORE TAXATION		<u>49,161</u>	<u>57,443</u>
Taxation		(62,999)	(52,106)
(LOSS) / PROFIT AFTER TAXATION		<u>(13,838)</u>	<u>5,337</u>
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED		<u>(0.05)</u>	<u>0.02</u>

The annexed notes from 1 to 16 form an integral part of these condensed consolidated financial statements.


 Chief Executive

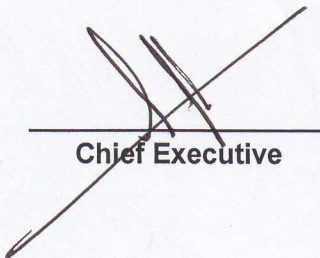

 Chief Financial Officer


 Director


TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Three months ended	
	September 30, 2018	September 30, 2017
	..... (Rs. in '000)	
Net (Loss) / Income for the period	(13,838)	5,337
Other comprehensive income	-	-
Total comprehensive (Loss) / Income	(13,838)	5,337

The annexed notes from 1 to 16 form an integral part of these condensed consolidated financial statements.


 Chief Executive


 Chief Financial Officer


 Director

TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
Note	..... (Rs. in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	49,161	57,443
Adjustments for non cash charges and other items:		
Depreciation	42,531	35,544
Provision for gratuity	110	77
Advance from a contractor-net	(1,545)	(6,001)
Amortization of intangible assets	554	45,444
Financial charges	20,286	19,934
	<u>61,936</u>	<u>94,998</u>
Profit before working capital changes	111,097	152,441
(Increase) / decrease in current assets		
Communication stores	(1,294)	20,111
Trade debts	17,141	(142,199)
Loans and advances	(15,355)	(82,221)
Deposits, prepayments and accrued markup	(10,021)	(13,684)
Other receivables	(19,260)	(5,478)
	<u>(28,789)</u>	<u>(223,471)</u>
(Decrease)/increase from creditors, accrued and other liabilities	<u>(21,545)</u>	<u>173,251</u>
Cash generated from operations	60,763	102,221
Income tax paid	(62,802)	(59,073)
Financial charges paid	(6,294)	(18,804)
Retirement benefits paid	(69)	-
Long term loans, deposits and advances	(500)	-
	<u>(69,665)</u>	<u>(77,877)</u>
Net cash (used in)/generated from operating activities	(8,902)	24,344
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,443)	(15,104)
Net cash used in investing activities	(8,443)	(15,104)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(9,312)	-
Repayment of short term running finance	-	(61)
Repayment of short term borrowings	-	(7,500)
Repayment of obligation under finance lease	(490)	(440)
Net cash used in financing activities	(9,802)	(8,001)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(27,147)	1,239
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	46,644	42,625
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>19,497</u>	<u>43,864</u>

The annexed notes from 1 to 16 form an integral part of these condensed consolidated financial statements.


Chief Executive


Chief Financial Officer


Director

TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Share Capital	Revenue Reserve	
	Issued, subscribed and paid-up	Unappropriated (loss) (Rs. in '000)	Total
Balance as at June 30, 2017	3,000,000	(166,034)	2,833,966
Net profit for the period	-	5,337	5,337
Other comprehensive income	-	-	-
Total comprehensive income	-	5,337	5,337
Balance as at September 30, 2017	3,000,000	(160,697)	2,839,303
Balance as at June 30, 2018	3,000,000	(210,026)	2,789,974
Net loss for the period	-	(13,838)	(13,838)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(13,838)	(13,838)
Balance as at September 30, 2018	3,000,000	(223,864)	2,776,136

The annexed notes from 1 to 16 form an integral part of these condensed consolidated financial statements.

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

Telecard Limited - Holding Company
Supernet Limited - Subsidiary Company
Supernet E-Solutions (Pvt) Limited (Formerly Telecard E-Solutions (Pvt) Limited) - Subsidiary of Supernet Limited
Telegateway Limited - Subsidiary Company
Nexus Communication (Pvt) Limited - Subsidiary Company
Glitz Communication (Pvt) Limited - Subsidiary Company
Globetech Communication (Pvt) Limited - Subsidiary Company

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

Supernet Limited is engaged in providing satellite and Microwave communication service 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.

Supernet E-Solutions (Pvt) Limited (Formerly Telecard E-Solutions (Pvt) Limited) has been incorporated to provide telecommunication solutions and other IT related Services. Supernet Limited holds 100% equity of Supernet 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 (Pvt) Limited has been incorporated to provide telecommunication and other related services. Telecard Limited holds 100% equity of Nexus Communications (Pvt) Limited.

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

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

2. BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Companies and are 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.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these consolidated financial statements are same as those applied in preparing the consolidated financial statements for the year ended June 30, 2018.

Note	September 30, 2018	June 30, 2018
	..... (Rs. in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	<u>849,576</u>	<u>883,664</u>
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4.1. Operating fixed assets

Opening net book value		883,664	782,626
Additions during the period / year	4.1.1	<u>8,443</u>	<u>255,402</u>
		892,107	1,038,028
Depreciation charged during the period / year		42,531	154,364
		<u>849,576</u>	<u>883,664</u>

4.1.1. Details of additions during the current period are as follows:

Apparatus, plant and equipment	7,042	201,582
Leasehold Improvements	-	12,230
Computers and related accessories	786	6,445
Furniture, fixtures and office equipment	615	5,863
Office equipment-leased	-	29,282
	<u>8,443</u>	<u>255,402</u>

	Note	September 30, 2018	June 30, 2018
		..... (Rs. in '000)	
5. INTANGIBLE ASSETS			
Wireless local loop (WLL) license		8,120	8,120
Long distance International (LDI) license		29,029	29,029
Computer software		39,776	39,776
Goodwill		116,864	116,864
		193,789	193,789
Amortisation to-date		(111,738)	(111,184)
		82,051	82,605
6. LONG TERM INVESTMENT			
Unquoted - at cost			
Augere Holdings (Netherlands) B.V.		480,630	480,630
Less: Provision for impairment		(480,630)	(480,630)
		-	-
7. TRADE DEBTS			
Unsecured			
Considered good		1,354,131	1,371,272
Considered doubtful		81,597	81,597
		1,435,728	1,452,869
Less: Provision for debts considered doubtful		(81,597)	(81,597)
		1,354,131	1,371,272
8. OTHER RECEIVABLES			
Considered good			
Related parties		6,791	1,959
Karachi Relief Rebate-PTCL		325,771	325,771
Pakistan Telecommunication Authority		1,778,964	1,778,964
Amount withheld by PTCL against PTA-Escrow		96,041	96,041
In Escrow account with PTA		345,594	345,594
Late payment additional fees to PTA		37,544	22,642
Claim against a bank		998	998
Insurance claims		3,194	3,194
Due from a contractor		4,240	5,030
Deposit with FBR under tax Amnesty scheme		2,991	2,991
Others		11,168	10,852
		2,606,505	2,592,077
Considered doubtful			
Due from PTCL against WPS		243,890	243,890
Karachi Relief Rebate Package		325,770	325,770
		569,660	569,660
Provision for other receivables considered doubtful		(569,660)	(569,660)
		2,613,296	2,594,036

	Note	September 30, 2018	June 30, 2018
		..... (Rs. in '000)	
9. TRADE AND OTHER PAYABLES			
Trade			
Pakistan Telecommunication Company Limited		196,356	197,057
Interconnect operators		17,857	22,582
Others		466,455	533,492
		<u>680,668</u>	<u>753,131</u>
Other payables			
Current account with related parties		205,041	169,330
Current maturity of spectrum fee payable		317,100	317,100
Pakistan Telecommunication Authority		8,043	11,081
Advances from customers		52,199	48,569
Advances from franchisees		200	200
Accrued liabilities		256,267	225,190
Unearned income		22,227	31,120
Payable to employees' provident fund		-	7,670
Workers' Welfare Fund		7,746	7,746
Others		33,291	32,364
		<u>902,114</u>	<u>850,370</u>
		<u>1,582,782</u>	<u>1,603,501</u>
10. ACCRUED MARK-UP			
On secured:			
Term finance certificates		62,949	52,075
Long term loans		20,356	19,366
Short term running finances		3,306	3,117
		<u>86,611</u>	<u>74,558</u>
On unsecured:			
Short term borrowings		4,836	4,836
Current account with related parties		23,493	22,381
		<u>114,940</u>	<u>101,775</u>
11. CONTINGENCIES AND COMMITMENTS			
(a) Contingencies			
11.1. There has been no change in the status of contingencies reported in the consolidated financial statements for the year ended June 30, 2018.			
(b) Commitments			
11.2. Counter guarantees given to banks		<u>92,740</u>	<u>84,369</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

	Three months ended	
	September 30, 2018	September 30, 2017
Note	..... (Rs. in '000)	

12. DIRECT COSTS

Salaries & other benefit	24,268	20,107
Interconnect charges	46,426	43,444
Network Media charges	58,661	17,824
Network sites rent	14,675	17,842
Network sites utilities and maintenance	31,695	23,034
Support services	6,820	5,429
Satellite Communication charges	378,970	299,989
Communication stores consumed	1,451	48,980
Repair and Maintenance	391	422
Consultancy charges	1,926	60
Royalty	1,013	1,013
Conveyance and travelling	1,593	1,074
Insurance	1,392	1,499
Annual regulatory charges	3,478	10,285
Depreciation	36,869	31,887
Amortization of intangible assets	489	45,379
Others	3,879	1,252
	<u>613,996</u>	<u>569,520</u>

13. TRANSACTIONS WITH RELATED PARTIES

The related parties include entities having directors in common with the Group, directors and other key management personnel. Transactions with related parties are as under:

Services provided by related parties	<u>20,364</u>	<u>22,407</u>
Services provided to related parties	<u>745</u>	<u>751</u>

14. CORRESPONDING FIGURES

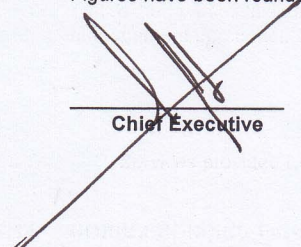
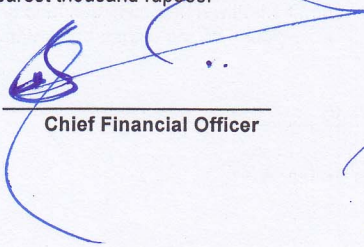

Certain corresponding figures have been reclassified for the purpose of better presentation, however, there were no material reclassification.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 30, 2018 by the Board of Directors of the Group.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

 <u>Chief Executive</u>	 <u>Chief Financial Officer</u>	 <u>Director</u>
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