

TELECARD LIMITED
3rd Quarterly Accounts
For the period ended
31 March 2020

Company Information

Board of Directors	Mr. Shams ul Arfeen (Chairman) Syed Aamir Hussain (CEO) Mr. Tipu Saeed Khan Mr. Hissan ul Arfeen Mr. Waseem Ahmad Syed Hashim Ali Syed Mohammad Pervez Sadiq
Board Audit Committee	Mr. Tipu Saeed Khan (Chairman) Mr. Shams ul Arfeen Syed Muhammad Pervez Sadiq
Human Resource & Remuneration Committee	Mr. Shams ul Arfeen (Chairman) Syed Aamir Hussain Mr. Hissan 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, 4 th Floor, Al Ameera Centre Sharah-e-Iraq Karachi
Registered Office	3 rd Floor, 75 East, Blue Area, Fazal-ul-Haq Road, Islamabad Pakistan
Corporate Office	7 th 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 March 31, 2020.

Review of Current Operations

The revenue for the period ended March 31, 2020 was Rs. 893 million as against the revenue of Rs. 819 million for the corresponding financial period, the increase in revenue is attributable to the appreciation of the exchange rate. Your Company's direct cost was lower when compared with similar period of the preceding financial year due to decrease in various charges. Company has posted Gross Profit of Rs. 384 million compared to a Gross Profit of Rs. 278 million last time due to the foregoing reasons.

The administrative and distribution cost was higher when compared with the corresponding financial period due to booking of doubtful debts. Finance cost for the period under review was higher when compared with similar period of the preceding financial year due to increase in discount rates.

The Company incurred a loss after taxation of Rs. (53) million as against a loss after taxation Rs. (18) million during the corresponding financial period. The loss per share stood at Rs. (0.18) compared to a loss of Rs. (0.06) last time.

On a consolidated basis the Company posted revenue of Rs. 3.103 billion as against revenue of Rs. 3.108 billion for the corresponding financial period. Your Company's direct cost for the period was lower in comparison with the preceding financial period. Company has posted Gross Profit of Rs. 922 million compared to a Gross Profit of Rs. 870 million for the preceding financial period.

The administrative and distribution cost was higher in comparison with the corresponding period. Finance cost for the period under review was higher when compared with the preceding financial period. The Company posted a loss after taxation of Rs. (40.1) million as against a profit of Rs. 15 million for the corresponding period. The loss per share stood at Rs. (0.14) as against a profit of Rs. 0.05 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 April, 2020

TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	Mar 31, 2020 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	466,520	505,300
Intangible assets	5	8,437	9,903
Right-of-use assets		<u>56,482</u>	-
		<u>531,439</u>	<u>515,203</u>
Long-term investment		340,537	340,537
Deferred taxation		302,762	302,762
Long-term deposits		<u>57,612</u>	<u>53,912</u>
		<u>1,232,350</u>	<u>1,212,414</u>
Current assets			
Trade debts		259,905	316,077
Loans and advances		49,138	45,083
Deposits and prepayment		35,984	28,209
Accrued mark-up		31,556	24,793
Other receivables	6	2,688,699	2,686,836
Taxation - net		129,513	132,067
Bank balances		<u>78,705</u>	<u>22,503</u>
		<u>3,273,500</u>	<u>3,255,568</u>
Total assets		<u><u>4,505,850</u></u>	<u><u>4,467,982</u></u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR



TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	Mar 31, 2020 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
400,000,000 (2019: 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>	3,000,000
Un-appropriated loss		<u>(896,614)</u>	<u>(843,340)</u>
		2,103,386	2,156,660
Non-current liabilities			
Term finance certificate	7	-	165,649
Advance from a contractor		336,870	337,900
Lease liabilities - IFRS -16		32,105	-
Deferred liabilities		5,476	5,147
		374,451	508,696
Current liabilities			
Trade and other payables	8	907,121	931,331
Unclaimed dividends		4,394	4,394
Current portion of lease liabilities - IFRS -16		30,020	-
Accrued interest / mark-up	9	235,673	150,746
Short-term financing	10	850,804	716,155
		2,028,013	1,802,626
Contingencies and commitments	11	-	-
Total liabilities and equity		<u>4,505,850</u>	<u>4,467,982</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

Note	Nine months ended		Quarter ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	----- (Rupees in '000) -----			
Revenue – net	892,612	819,177	285,813	267,335
Direct costs	(508,554)	(540,886)	(156,029)	(175,304)
Gross profit	<u>384,058</u>	<u>278,291</u>	<u>129,784</u>	<u>92,031</u>
Distribution costs and administrative expenses	(314,100)	(217,840)	(105,120)	(68,973)
Other operating (expenses) / income	(3,459)	-	201	-
	<u>(317,559)</u>	<u>(217,840)</u>	<u>(104,919)</u>	<u>(68,973)</u>
Other income	7,009	7,880	2,614	3,571
	<u>(310,550)</u>	<u>(209,960)</u>	<u>(102,305)</u>	<u>(65,402)</u>
Operating profit	<u>73,508</u>	<u>68,331</u>	<u>27,479</u>	<u>26,629</u>
Finance costs	(92,964)	(56,582)	(32,773)	(21,927)
(Loss) / profit before taxation	<u>(19,456)</u>	<u>11,749</u>	<u>(5,294)</u>	<u>4,702</u>
Taxation	(33,818)	(30,019)	(11,060)	(14,302)
Net (loss) after taxation	<u>(53,274)</u>	<u>(18,270)</u>	<u>(16,354)</u>	<u>(9,600)</u>
(Loss) per share - basic and diluted (rupees)	<u>(0.18)</u>	<u>(0.06)</u>	<u>(0.05)</u>	<u>(0.03)</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

Mar 31, Mar 31,
2020 2019
 --- (Rupees in '000) ---

CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(19,456)	11,749
Adjustments for non cash charges and other items:		
Depreciation	61,763	44,079
Amortization of intangible assets	1,466	1,466
Provision for gratuity	330	327
Financial charges	92,292	55,618
Gain on sale of fixed assets	-	(1,542)
Accrued markup	-	(1,310)
Gain on impairment reversal	-	(100)
Provision for doubtful debt	73,899	-
Advance from contractor-net	(1,030)	(4,635)
	202,746	93,903
Profit before working capital changes	187,133	105,652
(Increase) / decrease in current assets		
Trade debts	(17,727)	21,417
Loans and advances	(4,055)	(3,106)
Deposits, prepayments and other receivables	(16,401)	(63,148)
	(38,183)	(44,837)
(Decrease)/increase in current liabilities		
Trade and other payables	(24,210)	(12,348)
Cash generated from operations	126,541	48,467
Income tax paid		
Income tax paid	(31,264)	(34,624)
Financial charges paid	(7,365)	(17,857)
Gratuity paid	-	(415)
Long term loans and deposits	(3,700)	(116)
	(42,329)	(53,012)
Net cash generated from / (used in) operating activities	91,358	(4,545)

Handwritten signature/initials

Mar 31, Mar 31,
 2020 2019
 --- (Rupees in '000) ---

Cash flow from investing activities
 Fixed capital expenditure
 Sale of long term investment
 Proceeds from disposal of fixed assets

(22,983)	(4,504)
-	100
-	1,542
(22,983)	(2,862)

Net cash used in investing activities
Cash flow from financing activities

Repayment of short term borrowings
Net cash used in financing activities
Net increase/(decrease) in cash and cash equivalents
 Cash and cash equivalents at the beginning of the period
Cash and cash equivalents at the end of the period

(31,000)	-
(31,000)	-
56,202	(7,407)
22,503	16,228
78,705	8,821

The annexed notes from 1 to 14 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended		Quarter ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	----- (Rupees in '000) -----			
Net (loss) for the period	(53,274)	(18,270)	(16,354)	(9,600)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the period	(53,274)	(18,270)	(16,354)	(9,600)

The annexed notes from 1 to 14 form an integral part of these financial statements.

~~CHIEF EXECUTIVE~~

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2020
(UN-AUDITED)

	Issued, subscribed and paid-up	Un- appropriated (loss)	Total
	----- (Rupees in '000) -----		
Balance as at June 30, 2018	3,000,000	(761,293)	2,238,707
Net (loss) for the period	-	(18,270)	(18,270)
Other comprehensive income	-	-	-
Total comprehensive (loss)	-	(18,270)	(18,270)
Balance as at March 31, 2019	3,000,000	(779,563)	2,220,437
Balance as at June 30, 2019	3,000,000	(843,340)	2,156,660
Net (loss) for the period	-	(53,274)	(53,274)
Other comprehensive income	-	-	-
Total comprehensive (loss)	-	(53,274)	(53,274)
Balance as at March 31, 2020	3,000,000	(896,614)	2,103,386

The annexed notes from 1 to 14 form an integral part of these financial statements.

~~CHIEF EXECUTIVE~~

CHIEF FINANCIAL OFFICER

DIRECTOR

TELECARD LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2020

1. THE COMPANY AND ITS OPERATIONS

Telecard Limited (the Company) was incorporated in Pakistan on October 29, 1992 as a public limited company under the repealed 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. The Company itself and through its subsidiary is licensed to provide fully integrated telecommunication services, these include basic wireless telephony, long distance and international services.

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,

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

The condensed interim unconsolidated financial statements has been prepared for the nine months period ended March 31, 2019 in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act 2017 shall prevail.

The condensed interim unconsolidated financial statements is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

The condensed interim unconsolidated financial statements does not include all the information and disclosures required in an annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended June 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income or expenses. Actual results may differ from these estimates.

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of the condensed interim unconsolidated financial statements are same as those applied in the preparation of the annual financial statements of the Company as at and for the year ended June 30, 2019, except for the adoption of IFRS 16 'Leases' as fully explained below:

3.1 IFRS 16 'Leases'

IFRS 16 'Leases' became effective for annual periods beginning on or after January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 434(1)/2018 dated April 09, 2018 which has been fully adopted by the Company during the period under review.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 01, 2019.

The Company has adopted modified retrospective approach with cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings as at the date of initial application of the said Standard and accordingly, the Company has not restated comparative information. Therefore, except for the recognition of right-of-use (ROU) assets and corresponding lease liabilities as disclosed below, adoption of IFRS 16 does not have any impact on opening retained earnings as at July 01, 2019.

The Company has applied practical expedients by applying signal discount rate to a portfolio of leases with reasonably similar characteristics and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease as permitted by the Standard.

3.1.1 The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 Rupees, '000'
Operating lease commitments subject to IFRS 16	-
Incremental borrowing rate as at July 01, 2019	<u>13.25%</u>
Present value of lease liabilities against right of use assets	<u>14,493</u>
Adjustment for prepayment and deposits	<u>3,000</u>
Right of use assets	<u>17,493</u>

3.1.2 Movement in right of use assets and corresponding lease liabilities are as follows:

	Right of use asset	Lease liability
	-----Rupees in '000'----	
As at July 01, 2019	75,309	75,309
Depreciation on ROU assets	(18,827)	-
Finance charge	-	6,816
Lease payments made during the year	-	(20,000)
	<u>56,483</u>	<u>62,125</u>

3.2 SUMMARY OF NEW ACCOUNTING POLICY

The summary of new accounting policy as a result of first time adoption of IFRS 16 is set out below:

Lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right of use assets are subject to annual impairment review in accordance with IAS 36.

		Mar 31, 2020 (Un-audited)	June 30, 2019 (Audited)
	Note	--- (Rupees in '000) ---	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	<u>466,520</u>	<u>505,300</u>
4.1 Operating fixed assets			
Opening net book value		505,300	556,648
Additions during the period / year	4.1.1	<u>4,156</u>	<u>7,195</u>
		509,456	563,843
Disposals during the period / year	4.1.2	-	3,273
Accumulated depreciation on disposals		-	(3,218)
Depreciation charged during the period / year		<u>42,936</u>	<u>58,488</u>
		42,936	58,543
		<u>466,520</u>	<u>505,300</u>

Mar 31, June 30,
2020 2019
(Un-audited) (Audited)

Note --- (Rupees in '000) ---

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

Owned

Apparatus, plant and equipment	3,628	4,200
Computers and related accessories	364	706
Furniture, fixtures and office equipment	164	2,289
	<u>4,156</u>	<u>7,195</u>

4.1.2. Details of disposals made during the current period are as follows:

Owned

Vehicles	-	3,205
Computers and related accessories	-	68
	<u>-</u>	<u>3,273</u>

5. INTANGIBLE ASSETS

Local loop (LL) license	8,120	8,120
Long distance International (LDI) license	29,029	29,029
	<u>37,149</u>	<u>37,149</u>
Amortisation to-date	<u>(28,712)</u>	<u>(27,246)</u>
	<u>8,437</u>	<u>9,903</u>

6. OTHER RECEIVABLES

Considered good

Related parties	1,050	850
-----------------	-------	-----

Others

Karachi Relief Rebate	6.1	325,771	325,771
Due from PTCL against PTA-Escrow account		96,041	96,041
In Escrow account with PTA		345,594	345,594
Pakistan Telecommunication Authority	6.1	1,778,964	1,778,964
Late payment additional fees & others - PTA		96,794	22,642
Insurance claims		-	56
Claim against a bank		998	998
Due from a contractor		3,384	5,030
Others		40,103	5,960
		<u>2,688,699</u>	<u>2,581,906</u>

Mar 31, **June 30,**
2020 **2019**
(Un-audited) **(Audited)**
Note --- (Rupees in '000) ---

Considered doubtful

Due from PTCL	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)
	<u>2,688,699</u>	<u>2,581,906</u>

6.1 There has been no change in status of legal cases/ financial claims as reported in the audited financial statements of the Company for the year ended June 30, 2019.

7. TERM FINANCE CERTIFICATES

Secured

Term Finance Certificates	736,190	736,190
Overdue instalments	(487,719)	(294,471)
Current maturity shown under current liabilities	(248,471)	(276,070)
	<u>-</u>	<u>165,649</u>

7.1 This represents listed Term Finance Certificates (TFC's) issued by the Company. Effective December 31, 2015 these TFC's have been restructured for the period of five years with markup payable on quarterly basis and principal amount redeemable in 12 unequal quarterly installments starting from March 31, 2018. These TFC's carry markup at the rate of three months KIBOR (2019: 3 months KIBOR).

These are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs.800.000 (2019: Rs.800.000) million and specific charge over the specific intangible assets (frequency spectrum) procured from the PTA.

8. TRADE AND OTHER PAYABLES

Pakistan Telecommunication Company Limited	85,561	75,289
Interconnect operators	9,038	12,520
Others	66,698	85,247
	<u>161,297</u>	<u>173,056</u>

Other payables

Current account with related parties	271,459	313,097
Current maturity of spectrum fee payable	317,100	317,100
Accrued liabilities	146,604	113,372
Advances from customers	5,496	8,949
Unearned income	201	793
Workers' Welfare Fund	4,964	4,964
	<u>745,824</u>	<u>758,275</u>
	<u>907,121</u>	<u>931,331</u>

8.1 There has been no change in the status of legal cases / financial claims as reported in the audited financial statements of the Company for the year ended June 30, 2019.

	Mar 31, 2020 (Un-audited)	June 30, 2019 (Audited)
Note	--- (Rupees in '000) ---	
9. ACCRUED INTEREST / MARK-UP		
On Secured:		
Interest / mark-up against financing	<u>204,399</u>	<u>122,467</u>
	204,399	122,467
On Unsecured:		
Current accounts with related parties	<u>31,274</u>	<u>28,279</u>
	<u>235,673</u>	<u>150,746</u>
10. SHORT-TERM FINANCING		
Diminishing musharakah	<u>114,614</u>	<u>145,614</u>
Current maturity Term finance certificate	<u>736,190</u>	<u>570,541</u>
	<u>850,804</u>	<u>716,155</u>

11 CONTINGENCIES AND COMMITMENTS

(a) Contingencies

11.1 There has been no change in the status of other contingencies reported in the financial statements for the year ended June 30, 2019.

(b) Commitments

11.2 Counter guarantees given to banks

	<u>47,225</u>	<u>43,625</u>
--	---------------	---------------

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2020

12. TRANSACTIONS WITH RELATED PARTIES

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

	Nine months ended	
	Mar 31, 2020	Mar 31, 2019
	--- (Rupees in '000) --- --- (Un-audited) ---	
Supernet E-Solutions (Private) Limited (Formerly Telecard E-Solutions Private Limited)		
Services received by the Company	3,375	4,311
Arfeen International (Private) Limited		
Payment made on behalf by the Company		-
Rent charged to the Company	4,140	4,140
Mark-up charged to the Company	1,633	1,440
Services rendered by the Company	266	254
World Trade Center (Private) Limited		
Service received by the Company	31,160	27,512
Services rendered by the Company	54	54
Mark-up charged to the Company	1,910	3,402
Mark-up charged by the Company	3,549	2,514
Envierete Limited		
Services rendered by the Company	129	190
Instaphone Infrastructure (Private) Limited *		
Services rendered by the Company	-	220
Services received by the Company	20,806	1,244
Port Grand Limited		
Services rendered by the Company	126	145
Key Management Personnel		
Remuneration and benefits	59,528	45,882
Staff retirement benefits - Provident fund	5,396	4,217
Staff Retirement Fund		
Contribution paid - Provident fund	2,442	1,836

26. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 30-April 2020 by the Board of Directors of the Company.

14. 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 MARCH 31, 2020

		March 31, 2020	June 30, 2019
	Note	---- (Rupees in '000') ----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4.	732,681	817,797
Intangible assets		81,316	82,050
Right-of-use assets	5.	56,482	-
		<u>870,479</u>	<u>899,847</u>
Long-term deposits		88,021	84,357
Deferred taxation		336,583	336,583
		<u>1,295,083</u>	<u>1,320,787</u>
CURRENT ASSETS			
Communication stores		144,612	128,151
Trade debts		1,360,279	1,420,933
Loans and advances		126,248	93,102
Deposits and prepayment		72,824	61,519
Accrued mark-up		31,556	24,793
Other receivables	6.	2,697,253	2,700,392
Taxation – net		309,047	313,459
Bank balances		217,783	194,305
		<u>4,959,602</u>	<u>4,936,654</u>
TOTAL ASSETS		<u><u>6,254,685</u></u>	<u><u>6,257,441</u></u>

The annexed notes from 1 to 10 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2020

March 31, 2020 June 30, 2019
 ---- (Rupees in '000) ----

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Share capital authorized

400,000,000 (2019: 400,000,000) ordinary shares of Rs. 10/- each

4,000,000 4,000,000

Issued, subscribed and paid-up capital

3,000,000 3,000,000

Foreign currency translation reserve

786 (375)

Accumulated loss attributable to owners of the company

(316,576) (277,270)

Non-Controlling Interest

(2,221) (846)

Total equity

2,681,989 2,721,509

NON-CURRENT LIABILITIES

Long-term loans

39,067 58,188

Term finance certificate

- 165,649

Advance from contractor

336,870 337,900

Liability against asset subject to finance lease IFRS -16

32,105 -

Deferred liabilities

8,337 8,008

416,379 569,745

CURRENT LIABILITIES

Trade and other payables

7 1,854,153 1,909,036

Unclaimed dividend

4,394 4,394

Accrued interest/mark-up

251,850 158,839

Current portion of lease liabilities - IFRS - 16

30,020 -

Short-term financing

1,015,900 893,918

3,156,317 2,966,187

Contingencies & commitments

- -

TOTAL EQUITY AND LIABILITIES

6,254,685 6,257,441

The annexed notes from 1 to 10 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
 FOR THE PERIOD ENDED MARCH 31, 2020
 (UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees in '000') -----			
Revenue – net	3,103,319	3,108,483	975,236	1,147,517
Direct costs	(2,181,028)	(2,238,744)	(702,050)	(904,880)
Gross profit	922,291	869,739	273,186	242,637
Distribution costs and administrative expenses	(609,219)	(517,337)	(200,950)	(173,066)
Other operating expenses	(47,170)	(56,068)	(1,837)	(4,301)
	(656,389)	(573,405)	(202,787)	(177,367)
Other income	12,032	7,852	3,759	4,112
	(644,357)	(565,553)	(199,028)	(173,255)
Operating profit	277,934	304,186	74,158	69,382
Finance costs	(120,499)	(80,912)	(41,218)	(31,269)
Profit before taxation	157,435	223,274	32,940	38,113
Taxation	(198,116)	(208,204)	(65,015)	(74,356)
Net (loss) / profit for the period	(40,681)	15,070	(32,075)	(36,243)
Attributable to :				
Group	(39,306)	15,070	(29,151)	(36,243)
NCI	(1,375)	-	(2,924)	-
	(40,681)	15,070	(32,075)	(36,243)
(Loss)/earning per share - basic and diluted (rupees)	(0.14)	0.05	(0.11)	(0.12)

The annexed notes from 1 to 10 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASHFLOW
 FOR THE PERIOD ENDED MARCH 31, 2020
 (UN-AUDITED)

	Note	March 31, 2020	March 31, 2019
---- (Rupees in '000') ----			
CASH GENERATED FROM/(UTILISED IN) OPERATIONS			
Loss before taxation		157,435	223,274
Cash generated from operations		355,440	550,319
Income tax paid		(193,704)	(227,832)
Finance costs paid		(27,488)	(31,181)
Retirement benefits paid		-	(100)
Liability for long-term deposits		-	(3)
Long-term deposits		(3,664)	(3,948)
Net cash generated from operating activities		130,584	287,255
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(43,391)	(234,314)
Additions to intangible assets		(927)	-
Net cash used in investing activities		(44,318)	(234,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of obligation under finance lease		(5,505)	(1,834)
Repayment of long-term finances		(46,625)	15,500
Repayment of short-term running finance		(10,658)	(7,500)
Proceeds from /(Repayment) of short-term running finances		-	35
Net cash used in financing activities		(62,788)	6,201
Net increase in cash and cash equivalents		23,478	59,142
Cash and cash equivalents at the beginning of the period		194,305	42,625
Cash and cash equivalents at the end of the period		217,783	101,767

The annexed notes from 1 to 10 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2020
(UN-AUDITED)

	Nine months ended		Three months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
 (Rs. in '000) (Rs. in '000)	
Net profit/(loss) for the period	(40,681)	15,070	(32,075)	(36,243)
Other comprehensive income for the	-	-	-	-
Total comprehensive income/(loss)	(40,681)	15,070	(32,075)	(36,243)

The annexed notes from 1 to 10 form an integral part of these condensed interim consolidated financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED MARCH 31, 2020

	Issued subscribed paid-up capital	Un- appropriated profit/ (loss)	Foreign currency translation reserve	Non - controlling interest	Total
	----- (Rupees in '000') -----				
Balance as at June 30, 2018	3,000,000	(210,026)	-	-	2,789,974
Net profit for the year		15,070	-	-	15,070
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	15,070	-	-	15,070
Balance as at March 31, 2019	<u>3,000,000</u>	<u>(194,956)</u>	<u>-</u>	<u>-</u>	<u>2,805,044</u>
Balance as at June 30, 2019	3,000,000	(277,270)	(375)	(846)	2,721,509
Net loss for the period	-	(39,306)	-	(1,375)	(40,681)
Other comprehensive income	-	-	1,161	-	1,161
Total comprehensive income	-	(39,306)	1,161	(1,375)	(39,520)
Balance as at March 31, 2020	<u>3,000,000</u>	<u>(316,576)</u>	<u>786</u>	<u>(2,221)</u>	<u>2,681,989</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR



TELECARD LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2020

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

- > Teletcard Limited - Holding Company
- > Supernet Limited - Subsidiary Company
- > Supernet E-Solution (Pvt) Limited - Subsidiary Company
- > Telegateway Limited - Subsidiary Company
- > Nexus Communications (Private) Limited - Subsidiary Company
- > Glitz Communications (Private) Limited - Subsidiary Company
- > Globetech Communications (Private) Limited - Subsidiary Company
- > Supernet Secure Solution (Pvt) Limited - Subsidiary of Supernet Limited
- > Phoenix Global FZE - Subsidiary of Supernet Limited

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

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

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

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

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

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

Supernet Secure Solutions (Pvt) Limited has been incorporated as a subsidiary of Supernet Limited, operating in the IT security domain with the focus of providing security solutions having the objective of becoming a leading service provider of IT security products. Supernet Limited holds 80% equity of Supernet Secure Solutions (Private) Limited.

Phoenix Global FZE has been acquired during the last financial year, the purpose of company is to engage in import, export, Trading of IT related products, electronics and Telecommunication products. Supernet Limited holds 100% equity of Phoenix Global FZE.

2. BASIS OF CONSOLIDATION

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

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 2019, except for the adoption of IFRS 16 'Leases' as fully explained below.

3.1 IFRS 16 'Leases'

IFRS 16 'Leases' became effective for annual periods beginning on or after January 01, 2019 as notified by the Securities and Exchange Commission of Pakistan (SECP) through its SRO 434(1)/2018 dated April 09, 2018 which has been fully adopted by the Company during the period under review.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January, 2019.

The Company has adopted modified retrospective approach with cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at the date of initial application of the said Standard and accordingly, the Company has not restated comparative information. Therefore, except for the recognition of right of use assets and corresponding lease liabilities as disclosed below, adoption of IFRS 16 does not have any impact on opening retained earnings as at July 01, 2019.

The Company has applied practical expedients by applying signal discount rate to a portfolio of leases with reasonably similar characteristics and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease as permitted by the Standard.

3.1.1 The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 Rupees, '000'
Operating lease commitments subject to IFRS 16	160,957
Incremental borrowing rate as at July 01, 2019	13.25%
Present value of lease liabilities against right of use assets	72,309
Adjustment for prepayment and deposits	3,000
Right of use assets	75,309

3.1.2 Movement in right of use assets and corresponding lease liabilities are as follows:

	Right of use asset	Lease liability
	-----Rupees in '000'-----	
As at July 01, 2019	75,309	75,309
• Depreciation on ROU assets	(18,827)	-
Finance charge	-	6,816
Lease payments made	-	(20,000)
	<u>56,482</u>	<u>62,125</u>

3.2 SUMMARY OF NEW ACCOUNTING POLICY

The summary of new accounting policy as a result of first time adoption of IFRS 16 is set out below:

Lease liability

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right of use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right of use assets are subject to annual impairment review in accordance with IAS 36.

	March 31, 2020	June 30, 2019
	--- (Rupees in '000) ---	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	<u>732,681</u>	<u>817,797</u>
4.1. Operating fixed assets		
Opening net book value	817,797	883,664
Additions during the period / year	<u>43,391</u>	<u>103,471</u>
	861,188	987,135
Disposals during the period	-	6,617
Accumulated depreciation on disposal	-	(6,562)
Depreciation charged during the period / year	<u>128,507</u>	<u>169,283</u>
	<u>732,681</u>	<u>817,797</u>
5. RIGHT-OF-USE ASSETS		
Cost	75,309	-
Depreciation	<u>(18,827)</u>	-
Closing net book value	<u>56,482</u>	-

March 31, June 30,
2020 2019
--- (Rupees in '000) ---

6. **OTHER RECEIVABLES**

Considered good

Related parties 1,770 1,586

Karachi relief rebate	325,771	325,771
Amount withheld by PTCL against PTA-Escrow	96,041	96,041
In Escrow account with PTA	345,594	345,594
Pakistan Telecommunication Authority	1,778,964	1,778,964
Late payment additional fees to PTA	96,794	94,552
Claim against a bank	998	998
Insurance claims	3,036	2,938
Due from a contractor	3,384	4,613
Deposit with FBR under Tax Amnesty scheme	2,991	2,991
Others	41,910	46,344
	2,695,483	2,698,806

Considered doubtful

Pakistan Telecommunication Company Limited	243,890	243,890
Karachi relief rebate	325,770	325,770
	569,660	569,660
Provision for other receivables considered doubtful	(569,660)	(569,660)
	2,697,253	2,700,392

7. **TRADE AND OTHER PAYABLES**

Trade

Pakistan Telecommunication Company Limited	-	-
Interconnect operators	-	74,503
Others	85,561	786
	85,561	75,289
Interconnect operators	9,038	12,520
Others	920,879	971,149
	1,015,478	1,058,958

Other payables

Current accounts with related parties	146,708	149,501
ISF	317,100	317,100
Advances from customer	14,368	53,366
Advances from franchisees	200	200
Unearned income	201	793
Accrued liabilities	256,246	290,844
Payable to employees provident fund	6,667	1,755
Workers' welfare fund	7,746	7,746
Others	89,439	28,773
	838,675	850,078
	1,854,153	1,909,036

8. **CONTINGENCIES AND COMMITMENTS**

(a) **Contingencies**

8.1 There has been no change in the status of other contingencies reported in the consolidated financial statements for the year ended June 30, 2019.

(b) **Commitments**

8.2 Counter guarantees given to banks 91,905 89,819

8. 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:

	Nine months ended	
	Mar 31, 2020	Mar 31, 2019
	--- (Rupees in '000) ---	
	--- (Un-audited) ---	
Entities having directors in common with the Group		
Arfeen International (Private) Limited		
Services rendered	4,610	983
Markup charged to the Group	1,633	1,440
Rent charged during the year	266	4,140
World Trade Center (Private) Limited		
Service received	36,712	56,473
Services rendered	400	370
Markup charged to the group	1,910	3,402
Markup charged by the group	3,594	2,514
Envicrete Limited		
Services rendered	347	397
Port Grand		
Services rendered	155	325
Provident Fund		
Contribution during the year	10,924	10,971
Instaphone Infrastructure (Private) Limited		
Services rendered	-	1,244
Services received	20,806	220

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 30-April 2020 by the board of directors of the Group.

10. GENERAL

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR