

**TELECARD LIMITED**  
**Half Yearly Accounts**  
**For the period ended**  
**31 December 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, 4 <sup>th</sup> Floor, Al Ameera Centre Sharah-e-Iraq Karachi
Registered Office	3 <sup>rd</sup> Floor, 75 East, Blue Area, Fazal-ul-Haq Road, Islamabad Pakistan
Corporate Office	7 <sup>th</sup> 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 December 31, 2018.

### **Review of Current Operations**

The revenue for the period ended December 31, 2018 was Rs. 552 million as against the revenue of Rs. 442 million for the corresponding financial period, the increase in revenue is attributable to the increase in other segments, and due to improvement in termination rates, coupled with appreciation of exchange rate. Your company direct cost was slightly higher when compared with similar period of the preceding financial year despite reduction in annual regulatory charges and amortization of intangible assets due to increase in overall revenue. Company has posted Gross Profit of Rs. 186 million compared to a Gross Profit of Rs. 112 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 also higher when compared with similar period of the preceding financial year.

The Company incurred a loss after taxation of Rs. (8.6) million as against a loss after taxation Rs. (39) million during the corresponding financial period. The loss per share stood at Rs. (0.03) compared to a loss of Rs. (0.13) 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

**27 February, 2019**

TELECARD LIMITED

Corporate Office: World Trade Center, 10, Kh. Roomi, Block-5, Clifton, Karachi-75600

PABX: (92-21) 38330000 UAN: 111-222-123 Fax: (92-21) 35867850

[www.telecard.com.pk](http://www.telecard.com.pk)

## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Members of Telecard Limited Report on review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **TELECARD LIMITED** (the "Company") as at December 31, 2018, the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows and notes to the condensed interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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**Emphasis of matter**

We draw attention to the matters referred in notes 7.1 and 13.1 to the condensed interim unconsolidated financial statements for the half year ended December 31, 2018. The ultimate outcome of the legal cases and financial claims, as explained in the above referred notes, cannot presently be determined and accordingly, no provision for any liability and reversal of any financial claim that may result has been made in the condensed interim unconsolidated financial statements. Our conclusion is not qualified in respect of these matters.

The engagement partner on the audit resulting in independent auditors' report is Hina Kazi.

*Parker Randall AJS*

**Chartered Accountants**

**Engagement Partner:**

Hina Kazi

*PKAS*

**Date:** 27 FEB 2018

**Place:** Karachi

**TELECARD LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	4	531,012	556,648
Intangible assets	5	<u>10,880</u>	<u>11,857</u>
		<b>541,892</b>	<b>568,505</b>
Long-term investments		340,537	340,537
Long-term deposits		54,574	54,296
Deferred taxation		<u>302,762</u>	<u>302,762</u>
		<b>1,239,765</b>	<b>1,266,100</b>
<b>CURRENT ASSETS</b>			
Trade debts		663,817	650,373
Loans and advances		43,627	42,873
Deposits and prepayments		20,783	21,248
Accrued mark-up	6	28,711	28,070
Other receivables	7	2,634,713	2,581,906
Taxation – net		133,049	132,960
Bank balances	8	<u>4,562</u>	<u>16,228</u>
		<b>3,529,262</b>	<b>3,473,658</b>
<b>TOTAL ASSETS</b>		<b><u>4,769,027</u></b>	<b><u>4,739,758</u></b>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**TELECARD LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	---- (Rupees in '000') ----	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Share capital authorised</b>		
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 capital	3,000,000	3,000,000
Accumulated loss	<u>(769,945)</u>	<u>(761,293)</u>
	<b>2,230,055</b>	<b>2,238,707</b>
<b>NON-CURRENT LIABILITIES</b>		
Term finance certificates	9 <span style="border: 1px solid black; padding: 2px;">331,294</span>	<span style="border: 1px solid black; padding: 2px;">441,719</span>
Advance from a contractor	<span style="border: 1px solid black; padding: 2px;">340,990</span>	<span style="border: 1px solid black; padding: 2px;">344,080</span>
Long-term deposits	<span style="border: 1px solid black; padding: 2px;">34,874</span>	<span style="border: 1px solid black; padding: 2px;">34,874</span>
Deferred liabilities	<span style="border: 1px solid black; padding: 2px;">5,271</span>	<span style="border: 1px solid black; padding: 2px;">5,121</span>
	<b>712,429</b>	<b>825,794</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10 <span style="border: 1px solid black; padding: 2px;">1,141,246</span>	<span style="border: 1px solid black; padding: 2px;">1,133,208</span>
Unclaimed dividend	<span style="border: 1px solid black; padding: 2px;">4,394</span>	<span style="border: 1px solid black; padding: 2px;">4,394</span>
Accrued interest / mark-up	11 <span style="border: 1px solid black; padding: 2px;">130,393</span>	<span style="border: 1px solid black; padding: 2px;">97,570</span>
Short-term financing	12 <span style="border: 1px solid black; padding: 2px;">550,510</span>	<span style="border: 1px solid black; padding: 2px;">440,085</span>
	<b>1,826,543</b>	<b>1,675,257</b>
Contingencies and commitments	13	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>4,769,027</b></u>	<u><b>4,739,758</b></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

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**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

**TELECARD LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Half-year ended		Quarter ended	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
	----- (Rupees in '000') -----			
Revenue – net	551,842	442,526	286,713	203,344
Direct costs	<u>(365,582)</u>	<u>(330,047)</u>	<u>(208,223)</u>	<u>(159,984)</u>
<b>Gross profit</b>	<b>186,260</b>	<b>112,479</b>	<b>78,490</b>	<b>43,360</b>
Distribution costs and administrative expenses	<u>(148,867)</u>	<u>(124,277)</u>	<u>(35,864)</u>	<u>(66,379)</u>
Other operating expenses	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>(97)</u>
	<b>(148,867)</b>	<b>(124,304)</b>	<b>(35,864)</b>	<b>(66,476)</b>
Other income	<u>4,309</u>	<u>2,207</u>	<u>1,946</u>	<u>1,353</u>
	<b>(144,558)</b>	<b>(122,097)</b>	<b>(33,918)</b>	<b>(65,123)</b>
<b>Operating profit / (loss)</b>	<b>41,702</b>	<b>(9,618)</b>	<b>44,572</b>	<b>(21,763)</b>
Finance costs	<u>(34,655)</u>	<u>(28,144)</u>	<u>(20,770)</u>	<u>(14,067)</u>
<b>Profit / (loss) before taxation</b>	<b>7,047</b>	<b>(37,762)</b>	<b>23,802</b>	<b>(35,830)</b>
Taxation	<u>(15,699)</u>	<u>(1,479)</u>	<u>(7,073)</u>	<u>6,884</u>
<b>Net (loss) / profit for the period</b>	<b><u>(8,652)</u></b>	<b><u>(39,241)</u></b>	<b><u>16,729</u></b>	<b><u>(28,946)</u></b>
<b>(Loss) / earning per share - basic and diluted (rupees)</b>	<b><u>(0.03)</u></b>	<b><u>(0.13)</u></b>	<b><u>0.06</u></b>	<b><u>(0.10)</u></b>

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**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**TELECARD LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	<u>Half-year ended</u>		<u>Quarter ended</u>	
	<u>Dec 31,</u> <u>2018</u>	<u>Dec 31,</u> <u>2017</u>	<u>Dec 31,</u> <u>2018</u>	<u>Dec 31,</u> <u>2017</u>
	----- (Rupees in '000') -----			
Net (loss)/profit for the period	(8,652)	(39,241)	16,729	(28,946)
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(8,652)</u></u>	<u><u>(39,241)</u></u>	<u><u>16,729</u></u>	<u><u>(28,946)</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

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**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**




**DIRECTOR**

**TELECARD LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	<b>Half-year ended</b>	
	<b>Dec 31, 2018</b>	<b>Dec 31, 2017</b>
	<b>---- (Rupees in '000') ----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	7,047	(37,762)
<b>Adjustments for non cash and other items:</b>		
Depreciation	29,468	32,945
Provision for gratuity	219	155
Finance costs	34,133	28,062
Accrued mark-up	(1,310)	-
Amortisation of intangible assets	977	90,758
Liability no longer payable written back	-	(576)
Advance from a contractor	(3,090)	(14,054)
	<u>60,397</u>	<u>137,290</u>
<b>Profit before working capital changes</b>	<b>67,444</b>	<b>99,528</b>
<b>(Increase) in current assets</b>		
Trade debts	(13,444)	(27,655)
Loans and advances	(754)	(758)
Deposits, prepayments and other receivables	(52,983)	(293)
	<u>(67,181)</u>	<u>(28,706)</u>
<b>(Decrease) in current liabilities</b>		
Trade and other payables	8,038	(31,615)
<b>Cash generated from operations</b>	<b>8,301</b>	<b>39,207</b>
Income tax paid	(15,788)	(17,836)
Finance costs	-	(17,773)
Gratuity paid	(69)	(100)
Long-term deposit paid	(278)	-
	<u>(16,135)</u>	<u>(35,709)</u>
<b>Net cash (used in) / generated from operating activities</b>	<b>(7,834)</b>	<b>3,498</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Fixed capital expenditure	(3,832)	(3,032)
<b>Net cash used in investing activities</b>	<b>(3,832)</b>	<b>(3,032)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(11,666)</b>	<b>466</b>
Cash and cash equivalents at the beginning of the period	16,228	5,889
<b>Cash and cash equivalents at the end of the period</b>	<b>4,562</b>	<b>6,355</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

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**CHIEF EXECUTIVE OFFICER**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

**TELECARD LIMITED**

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Issued, subscribed and paid-up capital	Accumulate d loss	Total
----- (Rupees in '000') -----			
<b>Balance as at June 30, 2017</b>	3,000,000	(630,641)	2,369,359
Total comprehensive loss	-	(39,241)	(39,241)
<b>Balance as at Dec 31, 2017</b>	<u>3,000,000</u>	<u>(669,882)</u>	<u>2,330,118</u>
<b>Balance as at June 30, 2018</b>	3,000,000	(761,293)	2,238,707
Total comprehensive loss	-	(8,652)	(8,652)
<b>Balance as at Dec 31, 2018</b>	<u>3,000,000</u>	<u>(769,945)</u>	<u>2,230,055</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**TELECARD LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

**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, 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**

The condensed interim unconsolidated financial statements has been prepared for the six months period ended December 31, 2018 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, 2018.

**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, 2018 except for that the Company has adopted IFRS 15 'Revenue from Contracts with Customers' with effect from July 01, 2018, however, the Company is currently evaluating the impact of the said standards which will be reflected in annual financial statements. Further, the SECP has deferred the applicability of IFRS 9 'Financial Instrument: Recognition and Measurement' for reporting period/year ending on or after June 30, 2019.

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		<b>Dec 31, 2018</b>	June 30, 2018
		<b>(Un-audited)</b>	(Audited)
	Note	---- (Rupees in '000') ----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>4.1 Operating fixed assets</b>			
Opening net book value		556,648	600,230
Additions during the period / year	4.1.1	<u>3,832</u>	<u>20,397</u>
		560,480	620,627
Depreciation charged during the period / year		<u>29,468</u>	<u>63,979</u>
		<u><u>531,012</u></u>	<u><u>556,648</u></u>
<b>4.1.1 Details of additions during the current period / year are as follows:</b>			
<b>Owned</b>			
Apparatus, plant and equipment		2,931	19,641
Computers & accessories		704	676
Furniture, fixtures and office equipment		<u>197</u>	<u>80</u>
		<u><u>3,832</u></u>	<u><u>20,397</u></u>
<b>5. INTANGIBLE ASSETS</b>			
Wireless local loop (WLL) license		8,120	8,120
Long distance international (LDI) license		<u>29,029</u>	<u>29,029</u>
		37,149	37,149
Amortisation to date		<u>(26,269)</u>	<u>(25,292)</u>
		<u><u>10,880</u></u>	<u><u>11,857</u></u>
<b>6. ACCRUED MARK-UP</b>			
Due from a bank		7,000	7,000
Mark-up on current accounts with related parties		<u>21,711</u>	<u>21,070</u>
		<u><u>28,711</u></u>	<u><u>28,070</u></u>

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		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>7. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Related parties		824	850
<b>Others</b>			
Karachi relief rebate	7.1	325,771	325,771
Due from PTCL against PTA - Escrow		96,041	96,041
In escrow account with PTA		345,594	345,594
Pakistan Telecommunication Authority (PTA)	7.1	1,778,964	1,778,964
Late payment additional fees and others to PTA		74,388	22,642
Claim against a bank	7.1	998	998
Insurance claims		56	56
Due from a contractor		5,691	5,030
Others		6,386	5,960
		<u>2,634,713</u>	<u>2,581,906</u>
<b>Considered doubtful</b>			
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>2,634,713</u>	<u>2,581,906</u>

7.1 There has been no significant change in status of legal cases / financial claims as reported in the audited financial statements of the Company for the year ended June 30, 2018.

		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>8. BANK BALANCES</b>			
<b>Cash at banks:</b>			
<b>In current accounts</b>			
Local currency		2,891	905
Foreign currency		45	67
		<u>2,936</u>	<u>972</u>
<b>In saving accounts</b>			
Local currency	8.1	1,626	15,256
		<u>4,562</u>	<u>16,228</u>

8.1 These carry mark-up at rates, ranging between 2.29% and 8% (June 30, 2018: 2.29% to 6%) per annum.

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		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>9. TERM FINANCE CERTIFICATES</b>			
<b>Secured</b>			
Term finance certificates	9.1	736,190	736,190
Overdue instalments		(184,047)	(92,023)
Current maturity shown under current liabilities		<u>(220,849)</u>	<u>(202,448)</u>
		<u><b>331,294</b></u>	<u><b>441,719</b></u>

**9.1** 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 carrying mark-up payable on quarterly basis and principal amount redeemable in 12 unequal quarterly instalments starting from March 31, 2018. These TFC's carry mark-up at the rate of 3 months KIBOR (June 30, 2018: 3 months KIBOR).

These are secured against a first charge over the specific fixed assets of the Company, aggregating to Rs. 800.000 (June 30, 2018: Rs. 800.000) million and charge over the specific intangible assets (frequency spectrum) procured from the PTA.

		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>10. TRADE AND OTHER PAYABLES</b>			
<b>Pakistan Telecommunication Company Limited</b>			
Wireless payphone service (WPS)	10.1	126,295	126,295
LL & LDI charges		68,039	69,969
Others		782	793
		<u>195,116</u>	<u>197,057</u>
Interconnect operators		17,399	22,582
Others		84,245	69,924
		<u>296,760</u>	<u>289,562</u>
<b>Other payables</b>			
Current account with related parties		383,499	380,682
Current maturity of spectrum fee payable		317,100	317,100
Accrued liabilities		123,492	121,003
Advances from customers		6,273	4,152
Payable to employees' provident fund		-	6,085
Unearned income		226	721
Workers' welfare fund		4,964	4,964
Others		8,932	8,938
		<u>844,486</u>	<u>843,645</u>
		<u><b>1,141,246</b></u>	<u><b>1,133,208</b></u>

**10.1** These has been no significant change in the status of legal cases / financial claim as reported in the audited financial statements of the Company for the year ended June 30, 2018.

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		Dec 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	---- (Rupees in '000') ----	
<b>11. ACCRUED INTEREST / MARK-UP</b>			
<b>On secured:</b>			
Diminishing musharakah		18,463	16,582
Term finance certificates		<u>80,737</u>	<u>52,075</u>
		<u>99,200</u>	<u>68,657</u>
<b>On unsecured:</b>			
<b>Short-term borrowing</b>			
World Trade Center (Private) Limited - related party		4,836	4,836
Current accounts with related parties		<u>26,357</u>	<u>24,077</u>
		<u>130,393</u>	<u>97,570</u>
<b>12. SHORT-TERM FINANCING</b>			
Diminishing musharakah	12.1	145,614	145,614
Current maturity of term finance certificates and overdue instalments	9	<u>404,896</u>	<u>294,471</u>
		<u>550,510</u>	<u>440,085</u>

**12.1** This represents Diminishing Musharakah facility from an Islamic bank. The facility was created by conversion of running finance facility from commercial bank due to its merger with an Islamic bank. The facility carries profit at the rate of 3 month KIBOR with the floor of 7.5% (June 30, 2018: 3 month KIBOR with a floor of 7.5%) per annum and it is secured against pari passu charge over the current assets of the Company and ranking charged over the fixed assets of the Company. No term has been finalised with the bank for repayment of this facility, therefore the entire amount is classified as short-term financing.

### **13. CONTINGENCIES AND COMMITMENTS**

#### **13.1 Contingencies**

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

#### **13.2 Commitments**

Counter guarantees given to banks	<u>43,625</u>	<u>43,125</u>
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PRAYS

#### 14. 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:

	Half-year ended	
	Dec 31, 2018	Dec 31, 2017
---- (Rupees in '000') ----		
<b>Wholly owned subsidiary companies</b>		
<b>Supernet Limited</b>		
Services rendered	-	34,967
<b>Subsidiary of wholly owned subsidiary company</b>		
<b>Supernet E-Solutions (Private) Limited</b>		
Services received	3,228	4,062
<b>Entities having directors in common with the Company</b>		
<b>Arfeen International (Private) Limited</b>		
Rent charged to the Company	2,760	2,760
Mark-up charged to the Company	948	764
Services rendered	84	148
<b>World Trade Center (Private) Limited</b>		
Service received	14,340	14,610
Service rendered	18	36
Mark-up charged to the Company	2,279	1,509
Mark-up charged by the Company	1,589	1,292
<b>Envicrete Limited</b>		
Services rendered	67	117
<b>Instaphone Infrastructure (Private) Limited</b>		
Services rendered	154	198
Services received	829	576

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	Half-year ended	
	Dec 31, 2018	Dec 31, 2017
---- (Rupees in '000') ----		
<b>Port Grand Limited</b>		
Services rendered	67	18
Services received	-	4
<b>Key Management Personnel</b>		
Remuneration and benefits	32,085	23,544
Staff retirement benefits - provident fund	2,908	2,514

#### 15. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2018.

#### 16. AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on 29-February 2019 by the Board of Directors of the Company.

#### 17. GENERAL

Figures have been rounded off to the nearest thousand rupees.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	Note	December 31, 2018 (Un-audited) ..... (Rs. in '000) .....	June 30, 2018 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	4	816,733	883,664
Intangible assets		<u>81,498</u>	<u>82,605</u>
Long term deposits		898,231	966,269
Deferred taxation		<u>91,885</u>	<u>91,607</u>
		<u>332,965</u>	<u>332,965</u>
		<u>1,323,081</u>	<u>1,390,841</u>
<b>CURRENT ASSETS</b>			
Communication stores		137,359	121,711
Trade debts		1,409,602	1,371,272
Loans and advances		132,144	111,775
Deposits and prepayments		77,514	76,384
Accrued mark-up		30,927	28,070
Other receivables	5	2,646,661	2,594,036
Taxation - net		310,374	311,199
Cash & Bank balances		<u>66,085</u>	<u>46,644</u>
		<u>4,810,666</u>	<u>4,661,091</u>
		<u>6,133,747</u>	<u>6,051,932</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
<b>Authorised</b>			
400,000,000 (2018: 400,000,000) Ordinary shares of Rs. 10 each			
		<u>4,000,000</u>	<u>4,000,000</u>
<b>Issued, subscribed and paid-up</b>			
<b>Revenue Reserve</b>		3,000,000	3,000,000
<b>Unappropriated loss</b>		<u>(158,713)</u>	<u>(210,026)</u>
		<u>2,841,287</u>	<u>2,789,974</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans		84,901	88,625
Term finance certificates		331,294	441,719
Advance from a contractor		340,990	344,080
Long-term deposits		34,874	34,874
Deferred liabilities		<u>8,132</u>	<u>7,982</u>
		<u>800,191</u>	<u>917,280</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,623,474	1,603,501
Accrued interest/mark-up		135,550	101,775
Short term running finances		728,851	635,008
Unclaimed dividend		<u>4,394</u>	<u>4,394</u>
		<u>2,492,269</u>	<u>2,344,678</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>6,133,747</u>	<u>6,051,932</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

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

~~CHIEF EXECUTIVE~~

CHIEF FINANCIAL OFFICER

DIRECTOR

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	<u>Half Year ended</u>		<u>Quarter Ended</u>	
	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
	..... (Rs. in '000) .....		..... (Rs. in '000) .....	
<b>REVENUE</b>	1,960,966	1,672,322	1,026,292	862,228
Direct costs	(1,333,864)	(1,239,956)	(719,868)	(670,436)
<b>GROSS PROFIT</b>	<u>627,102</u>	<u>432,366</u>	<u>306,424</u>	<u>191,792</u>
Distribution cost and administrative expenses	(344,271)	(306,633)	(117,204)	(143,532)
Other operating expense	(51,767)	(5,102)	(27,522)	(4,416)
Other income	3,740	2,738	2,792	1,660
	<u>(392,298)</u>	<u>(308,997)</u>	<u>(141,934)</u>	<u>(146,288)</u>
<b>OPERATING PROFIT</b>	<u>234,804</u>	<u>123,369</u>	<u>164,490</u>	<u>45,504</u>
Finance costs	(49,643)	(41,136)	(28,490)	(20,714)
<b>PROFIT BEFORE TAXATION</b>	<u>185,161</u>	<u>82,233</u>	<u>136,000</u>	<u>24,790</u>
Taxation	(133,848)	(88,993)	(70,849)	(36,887)
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<u>51,313</u>	<u>(6,760)</u>	<u>65,151</u>	<u>(12,097)</u>
<b>EARNING/(LOSS) PER SHARE - BASIC AND DILUTED</b>	<u>0.17</u>	<u>(0.02)</u>	<u>0.22</u>	<u>(0.04)</u>

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

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	December 31, 2018	December 31, 2017
Note	..... (Rs. in '000) .....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	185,161	82,233
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	85,223	70,002
Provision for gratuity	219	155
Financial charges	47,513	39,783
Gain on sale of fixed asset	(720)	-
Accrued Markup	(1,310)	-
Amortization of intangible assets	1,107	90,888
Liability written-back	-	(576)
Advance from contractor-net	(3,090)	(14,054)
	<u>128,942</u>	<u>186,198</u>
<b>Profit before working capital changes</b>	<b>314,103</b>	<b>268,431</b>
<b>(Increase) / Decrease in current assets</b>		
Communication stores	(15,648)	27,814
Trade debts	(38,330)	(185,117)
Loans and advances	(20,369)	(19,889)
Deposits, prepayments and accrued markup	(3,987)	(32,907)
Other receivables	(52,625)	(3,249)
	<u>(130,959)</u>	<u>(213,348)</u>
<b>Increase/(decrease) from creditors, accrued and other liabilities</b>	<b>19,973</b>	<b>156,714</b>
<b>Cash generated from operations</b>	<b>203,117</b>	<b>211,797</b>
Income tax paid	(133,023)	(116,918)
Financial charges paid	(12,428)	(29,548)
Retirement benefits paid	(69)	(100)
Long term loans, deposits and advances	(278)	-
	<u>(145,798)</u>	<u>(146,566)</u>
<b>Net cash flow from operating activities</b>	<b>57,319</b>	<b>65,231</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(18,292)	(73,662)
Proceeds from sale of fixed asset	720	-
<b>Net cash used in investing activities</b>	<b>(17,572)</b>	<b>(73,662)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) / proceeds from long term loans	(15,625)	18,000
(Repayment) of obligation under finance lease	(3,987)	(892)
(Repayment) of short term running finance	(694)	(99)
(Repayment) of short term borrowing	-	(7,500)
<b>Net cash used in financing activities</b>	<b>(20,306)</b>	<b>9,509</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>19,441</b>	<b>1,078</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>46,644</b>	<b>42,625</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>66,085</b>	<b>43,703</b>

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

~~CHIEF EXECUTIVE~~

CHIEF FINANCIAL OFFICER

DIRECTOR

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Half year ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	..... (Rs. in '000) .....		..... (Rs. in '000) .....	
Net profit/(loss) for the period	51,313	(6,760)	65,151	(12,097)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>51,313</b>	<b>(6,760)</b>	<b>65,151</b>	<b>(12,097)</b>

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

~~CHIEF EXECUTIVE~~

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Share Capital	Revenue Reserve	
	Issued, subscribed and paid-up	Unappropriated profit/(loss)	Total
	..... (Rs. in '000) .....		
<b>Balance as at June 30, 2017</b>	3,000,000	(166,034)	2,833,966
Net loss for the period	-	(6,760)	(6,760)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(6,760)	(6,760)
<b>Balance as at December 31, 2017</b>	<u>3,000,000</u>	<u>(172,794)</u>	<u>2,827,206</u>
<b>Balance as at June 30, 2018</b>	3,000,000	(210,026)	2,789,974
Net profit for the period	-	51,313	51,313
Other comprehensive income	-	-	-
Total comprehensive income	-	51,313	51,313
<b>Balance as at December 31, 2018</b>	<u>3,000,000</u>	<u>(158,713)</u>	<u>2,841,287</u>

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

~~CHIEF EXECUTIVE~~

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**TELECARD LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 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 (the Company) was incorporated in Pakistan on October 29, 1992 as a public limited company under the repealed Companies Ordinance, 1984. 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 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.

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.

## 4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

### 4.1. Operating fixed assets

Opening net book value

Additions during the period / year

Disposals during the period

Accumulated depreciation on disposal

Depreciation charged during the period / year

## 5. OTHER RECEIVABLES

Considered good

Related parties

Due from Pakistan Telecommunication Company Limited (PTCL):

Amount withheld by PTCL against PTA-Escrow Pakistan Telecommunication Authority

Late payment additional fees and others to PTA

In Escrow account with PTA

Claim against a bank

Insurance claims

Due from Contractor

Income tax refundable

Others

Considered doubtful

Pakistan Telecommunication Company Limited

Karachi Relief Rebate Package

Provision for other receivables considered doubtful

Note	December 31, 2018	June 30, 2018
	..... (Rs. in '000) .....	
4.1	<u>816,733</u>	<u>883,664</u>
	883,664	782,626
	<u>18,292</u>	<u>255,402</u>
	901,956	1,038,028
	<u>1,299</u>	<u>-</u>
	<u>(1,299)</u>	<u>-</u>
	<u>85,223</u>	<u>154,364</u>
	<u>816,733</u>	<u>883,664</u>
	2,285	1,959
	325,771	325,771
	96,041	96,041
	<u>1,778,964</u>	<u>1,778,964</u>
	74,388	22,642
	<u>345,594</u>	<u>345,594</u>
	998	998
	3,194	3,194
	5,691	5,030
	2,991	2,991
	<u>10,744</u>	<u>10,852</u>
	2,646,661	2,594,036
	<u>243,890</u>	<u>243,890</u>
	<u>325,770</u>	<u>325,770</u>
	569,660	569,660
	<u>(569,660)</u>	<u>(569,660)</u>
	<u>2,646,661</u>	<u>2,594,036</u>

6. **TRADE AND OTHER PAYABLES**

**Trade**

Pakistan Telecommunication Company Limited  
Interconnect operators  
Others

**Other payables**

Current account with related parties  
Current maturity of spectrum fee payable  
Pakistan Telecommunication Authority  
Advances from customers  
Advances from franchisees  
Accrued liabilities  
Unearned income  
Payable to employees provident fund  
Workers' Welfare Fund  
Others

Note December 31, 2018 June 30, 2018  
..... (Rs. in '000) .....

	December 31, 2018	June 30, 2018
	195,116	197,057
	17,399	22,582
	494,940	533,492
	707,455	753,131
	224,524	169,330
	317,100	317,100
	-	4,051
	50,690	48,569
	200	200
	269,592	232,220
	32,151	31,120
	-	7,670
	7,746	7,746
	14,016	32,364
	916,019	850,370
	1,623,474	1,603,501

7. **CONTINGENCIES AND COMMITMENTS**

(a) **Contingencies**

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

(b) **Commitments**

7.2 Counter guarantees given to banks

	93,240	66,535
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Half Year ended	
December 31, 2 0 1 8	December 31, 2 0 1 7
..... (Rs. in '000) .....	

## 8. TRANSACTIONS WITH RELATED PARTIES

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

### Entities having directors in common with the Group

#### Arfeen International (Private) Limited

Rent expenses charged to the group	2,760	2,760
Mark-up charged to the group	948	764
Service rendered	600	471

#### Envicrete Limited

Service rendered	205	230
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#### World Trade Centre (Private) Limited

Service received		
Service rendered	34,948	36,838
Mark-up charged to the group	246	117
Mark-up charged by the group	2,279	1,509
Service rendered	1,589	1,292

#### Instaphone Infrastructure (Private) Limited

Service received by the group		
Services rendered	829	576
	154	198

#### Port Grand

Services rendered		
Services received	120	138
	-	4

#### Key Management Personnel

Remuneration and benefits	148,800	134,178
Staff retirement benefits - Provident fund	7,326	6,164

## 9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 27, 2019 by the Board of Directors of the Group.

## 10. GENERAL

Figures presented in these interim condensed financial statement have been rounded off to the nearest thousand rupees, unless otherwise stated.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR