



**Telecard Limited
Financial Statements
For the Period Ended
30 September 2011**



Company Information

Board of Directors	Mr. Sultan ul Arfeen (Chairman) Mr. Shams ul Arfeen (CEO) Mr. Shahid Firoz Mr. Tipu Saeed Khan Mr. Imran Malik Mr. Hissan ul Arfeen Mr. Waseem Ahmad
Board Audit Committee	Mr. Sultan ul Arfeen (Chairman) Mr. Shahid Firoz Mr. Imran Malik
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Chief Executive Officer	Mr. Shams ul Arfeen
Legal Advisor	Mohsin Tayebaly & Co.
Chief Financial Officer	Mr. Tipu Saeed Khan
Company Secretary	Mr. Waseem Ahmad
Banks	KASB Bank Limited Standard Chartered Bank (Pakistan) Ltd. Deutsche Bank Citibank Faysal Bank Ltd. National Bank of Pakistan Pak Oman Investment Company Ltd. Silk Bank
Registrar and Share Transfer Office	Gangjees Registrar Services (Pvt.) Ltd. 516, Clifton Centre Khayaban-e-Roomi, Kehkashan, Block 5, Clifton, 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 is pleased to present the Financial Statements and review of your Company's performance for the three months period ended September 2011.

Review of Current Operations

Your company continues to face a challenging situation due to substantive competitive escalation especially in the Long Distance International (LDI) segment of the Company and generally in the telecommunication industry. This has resulted in declining the LDI rates and reduced revenues. Due this reason, the net revenues for the quarter under review were Rs. 356 million compared to Rs. 422 million for the corresponding time frame last year. This also took a toll on gross margins, and the Company incurred a gross loss of Rs. 23 million compared to a profit of 41 million last year. Other Operating Income together with reduced Finance Cost has helped the Company in containing the loss after taxation to Rs. 120 million against the profit of Rs. 252 million in the corresponding period last year.

Future Prospects

While the current situation is challenging for the Company, numerous efforts are underway to ease the situation. These include continuation of earlier efforts to develop new business streams for the Company either directly and through its subsidiaries, as well as certain new industry initiatives to restore margins on the LDI business. Based on these the Company is hopeful that the situation will improve in the short term

On behalf of the Board

A handwritten signature in black ink, appearing to read "Shams ul Arfeen", is written over a horizontal line.

Shams ul Arfeen
Chief Executive

31 October 2011


TELECARD LIMITED
CONDENSED BALANCE SHEET AS AT SEP 30, 2011

	Note	Sep 30, 2011	June 30, 2011
----- (Rupees in '000) -----			
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	2,036,971	2,130,039
Intangible assets	5	2,314,464	2,359,843
		<u>4,351,435</u>	<u>4,489,882</u>
Long-term investment		340,637	340,637
Long-term deposits		49,348	49,126
		<u>4,741,420</u>	<u>4,879,645</u>
CURRENT ASSETS			
Stock-in-trade		611	862
Trade debts	6	113,936	123,543
Loans and advances		18,429	14,732
Deposits and prepayment		37,658	34,606
Accrued Mark-up		51,431	49,486
Other receivables	7	3,562,356	3,570,306
Taxation – net		118,914	120,293
Bank balances		16,065	8,659
		<u>3,919,400</u>	<u>3,922,487</u>
TOTAL ASSETS		<u><u>8,660,820</u></u>	<u><u>8,802,132</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
400,000,000 (2011: 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>
Unappropriated profit		<u>325,452</u>	<u>445,398</u>
		<u>3,325,452</u>	<u>3,445,398</u>
NON-CURRENT LIABILITIES			
Long-term loans		173,323	201,625
Advance from subsidiary		144,924	147,924
Redeemable capital		476,160	476,160
Advance from a Contractor		452,227	467,121
Long-term deposits		59,990	59,724
Deferred liabilities		1,716,300	1,783,098
		<u>3,022,924</u>	<u>3,135,652</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,324,918	1,294,742
Accrued interest / Mark-up	9	158,483	113,819
Short-term running finances		306,045	292,735
Current maturities of long-term liabilities		522,998	519,786
		<u>2,312,444</u>	<u>2,221,082</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>8,660,820</u></u>	<u><u>8,802,132</u></u>

The annexed notes from 1 to 19 form an integral part of these financial statements.



 Chief Executive




 Director

TELECARD LIMITED
CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

		Sep 30, 2011	Sep 30, 2010
(Rupees in '000)			
REVENUE – net		356,146	422,294
Direct costs	11	(378,888)	(381,629)
GROSS (LOSS) / PROFIT		(22,742)	40,665
Distribution costs and administrative expenses	12	(93,556)	(88,975)
Other operating expenses		(991)	(1,328)
		(94,547)	(90,303)
Other operating income		6,550	1,597
Liabilities no longer payable written back		-	516,000
		6,550	517,597
		(87,997)	427,294
OPERATING (LOSS) / PROFIT		(110,739)	467,959
Finance costs	13	(72,218)	(74,301)
(LOSS) / PROFIT BEFORE TAXATION		(182,957)	393,658
Taxation	14	63,011	(141,912)
NET (LOSS) / PROFIT FOR THE YEAR		(119,946)	251,746
EARNINGS PER SHARE - Basic and diluted (Rupees)		(0.40)	0.84

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director

TELECARD LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Three months ended	
	Sep 30, 2011	Sep 30, 2010
	----- (Rupees in '000) -----	
Net (loss) / profit for the period	(119,946)	251,746
Other comprehensive income	-	-
Total comprehensive income	(119,946)	251,746

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director

TELECARD LIMITED
CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

Note	September 30, 2011	September 30, 2010
 (Rs. in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(182,957)	393,658
Adjustments for non cash charges and other items:		
Depreciation	96,749	125,003
Provision for gratuity	161	-
Financial charges	72,218	74,301
Amortization of intangible assets	45,379	45,379
	214,507	244,683
Profit before working capital changes	31,550	638,341
(Increase) / Decrease in current assets		
Stock-in-trade	251	(164)
Trade debts	9,605	102,283
Loans and advances	(3,697)	41,945
Deposits, prepayments and accrued markup	(4,997)	(3,445)
Other receivables	7,950	9,070
	9,111	149,689
(Decrease) / increase from creditors, accrued and other liabilities	30,176	(585,436)
Cash generated from operations	70,837	202,594
Income Tax paid	(2,182)	(1,830)
Financial charges paid	(27,554)	(39,808)
Gratuity Paid	(386)	(106)
Long Term loans and deposits	(222)	248
Due to Employees	(2,912)	(2,955)
Liability for long Term deposits	266	(1,445)
	(32,990)	(45,896)
Net cash generated from operating activities	37,847	156,698
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,681)	(6,514)
Net cash used in investing activities	(3,681)	(6,514)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(22,176)	(28,375)
Advance from Contractor	(14,894)	(14,364)
Advance from subsidiary	(3,000)	-
Repayment of short term Loans	-	(17,000)
Repayment of obligations under finance leases	-	(626)
Proceeds / (repayment) of short term running finance	13,310	(113,364)
Net cash used in financing activities	(26,760)	(173,729)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	7,406	(23,545)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,659	23,580
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,065	35

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Chief Executive


Director

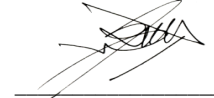
TELECARD LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	Issued, subscribed and paid-up	Unappropriated profit	Total
	----- (Rupees in '000) -----		
Balance as at June 30, 2010	3,000,000	400,988	3,400,988
Net profit for the period	-	251,746	251,746
Other comprehensive income	-	-	-
Total comprehensive income	-	251,746	251,746
Balance as at September 30, 2010	3,000,000	652,734	3,652,734
Balance as at June 30, 2011	3,000,000	445,398	3,445,398
Net loss for the period	-	(119,946)	(119,946)
Other comprehensive income	-	-	-
Total comprehensive income	-	(119,946)	(119,946)
Balance as at Sep 30, 2011	3,000,000	325,452	3,325,452

The annexed notes from 1 to 19 form an integral part of these financial statements.



Chief Executive



Director

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

1. THE COMPANY AND ITS OPERATIONS

Telecard Limited (the company) was incorporated in Pakistan on October 29, 1992 as a public limited company. The shares of the company are listed on the Karachi and Islamabad Stock Exchanges. The company itself and through its 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.

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, 2011.

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, 2011.

	Note	September 30, 2011	June 30, 2011
..... (Rs. in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,490,248	1,583,459
Capital work-in-progress	4.2	546,723	546,580
		<u>2,036,971</u>	<u>2,130,039</u>
 4.1. Operating fixed assets			
Opening net book value		1,583,459	2,014,483
Additions during the period / year	4.1.1	3,538	17,820
		<u>1,586,997</u>	<u>2,032,303</u>
Disposals during the period / year	4.1.2	-	-
Accumulated depreciation on disposals		-	-
Depreciation charged during the period / year		96,749	448,844
		<u>96,749</u>	<u>448,844</u>
		<u>1,490,248</u>	<u>1,583,459</u>

September 30, June 30,
2011 2011
..... (Rs. in '000)

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

Owned

Apparatus, plant and equipment	3,222	11,443
Computers and related accessories	316	4,889
Furniture, fixtures and office equipment	-	916
Vehicles	-	572
	3,538	17,820

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

Owned

Vehicles	-	-
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4.2. CAPITAL WORK-IN-PROGRESS

Owned	518,717	518,492
Advances to Suppliers	28,006	28,088
	546,723	546,580

5. INTANGIBLE ASSETS

Wireless local loop (WLL) license	3,345,096	3,345,096
Long distance International (LDI) license	29,029	29,029
	3,374,125	3,374,125
Amortisation to-date	(1,059,661)	(1,014,282)
	2,314,464	2,359,843

6. TRADE DEBTS

Unsecured

Considered good	113,936	123,543
Considered doubtful	204,732	204,732
	318,668	328,275
Less: Provision for debts considered doubtful	(204,732)	(204,732)
	113,936	123,543

7. OTHER RECEIVABLES

Considered good

Related parties	64,530	76,893
Due from Pakistan Telecommunication Limited (PTCL)	1,368,483	1,368,483
Pakistan Telecommunication Authority	2,111,115	2,111,115
Insurance claims	9,743	9,743
Claim against a bank	998	998
Augere Pakistan	4,142	2,907
Due from Zonal Employees	3,345	167
	3,562,356	3,570,306

Considered doubtful

Due from PTCL	10,361	10,361
Due from zonal employees	15,874	15,874
Others	4,162	4,162
	30,397	30,397
Provision for other receivables considered doubtful	(30,397)	(30,397)
	3,562,356	3,570,306

September 30, June 30,
2011 2011
..... (Rs. in '000)

8. TRADE AND OTHER PAYABLES

Trade

Pakistan Telecommunication Company Limited	655,381	659,358
ZTE Corporation Limited	32,136	31,486
Others	198,777	196,838
	886,294	887,682

Other payables

Pakistan Telecommunication Authority	47,930	41,989
Related parties	26,628	19,288
Accrued liabilities	32,800	36,069
Advances from customers	12,206	11,964
Unclaimed dividends	6,216	6,216
Unearned income	81,606	78,864
Sales tax – net	62,418	58,083
Income tax deducted at source	165,633	150,735
Workers' Welfare Fund	2,282	2,282
Others	905	1,570
	438,624	407,060
	1,324,918	1,294,742

9. ACCRUED MARK-UP

Secured:

Redeemable capital	104,304	65,511
Long term loans	21,059	24,030
Short term running finances	12,432	12,505

Unsecured:

Related parties	137,795	102,046
	20,688	11,773
	158,483	113,819

10. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

10.1. There has been no change in the status of contingencies reported in the financial statements for the year ended June 30, 2011

(b) Commitments

10.2. Counter guarantees given to banks 180,000 180,000

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011**

Note	Three months ended	
	September 30, 2 0 1 1	September 30, 2 0 1 0
 (Rs. in '000)	
11. DIRECT COSTS		
Interconnect charges	155,923	115,211
Network Media charges	15,939	20,847
Network site Rent	33,066	43,014
Network site utilities and maintenance	23,362	25,430
Insurance	2,290	2,742
Annual license fees	7,468	5,940
Cost of cards sold	279	405
Depreciation	94,424	122,661
Amortization of intangible assets	45,379	45,379
Value added services	758	-
	378,888	381,629
12. DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES		
Salaries and other benefits	50,570	45,884
Postage, telephone and telex	750	924
Vehicles running and maintenance	6,463	5,361
Travelling & entertainment	1,239	1,119
Office maintenance	2,175	2,840
Stationery and photocopies	926	1,433
Rent	12,975	14,508
Utilities	7,520	6,274
Insurance	1,305	1,452
Legal and professional charges	973	1,513
Auditors' remuneration	970	1,432
Sales promotion and marketing	3,495	2,947
Fees and subscription	616	14
Depreciation	2,325	2,342
Donation	-	817
Others	1,254	115
	93,556	88,975

Three months ended	
September 30, 2 0 1 1	September 30, 2 0 1 0
..... (Rs. in '000)	

13. FINANCE COSTS

Mark-up on secured:

- Redeemable capital	38,794	44,052
- Long term loans	11,421	23,159
- Short term running finances	12,363	6,636
Finance leases	-	36
Markup on advance from subsidiary	8,915	-
Bank charges	726	418
	<u>72,219</u>	<u>74,301</u>

14. TAXATION

Current	3,561	4,134
Deferred	(66,572)	137,777
	<u>(63,011)</u>	<u>141,912</u>

15. CASH AND CASH EQUIVALENT

Cash and bank balances	<u>16,065</u>	<u>35</u>
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16. TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders, 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>38,155</u>	<u>51,075</u>
Sales / services to related parties	<u>10,003</u>	<u>2,604</u>

17. CORRESPONDING FIGURES

<u>From</u>	<u>To</u>	<u>(Rupees in '000)</u>
Other income	Revenue	9,635

18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 31, 2011 by the Board of Directors.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive



Director