



**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)**

SEPTEMBER 30, 2018

VISION

We at Worldcall are committed to achieving dynamic growth and service excellence by being at the cutting edge of technological innovation. We strive to consistently meet and surpass customers, employees and stake-holders' expectations by offering state-of-the-art telecom solutions with national & international footprints. We feel pride in making efforts to position Worldcall and Pakistan in the forefront of international arena.

MISSION STATEMENT

In the telecom market of Pakistan, Worldcall to have an overwhelming impact on the basis of following benchmarks:

- Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.
- Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.
- Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

Ensuring the most profitable and sustainable patterns of ROI (Return on Investment) for the stake-holders.

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COMPANY INFORMATION

Chairman	Dr. Syed Salman Ali Shah
Chief Executive Officer	Mr. Babar Ali Syed
Board of Directors	Dr. Syed Salman Ali Shah (Chairman) Mr. Babar Ali Syed Mr. Muhammad Murtaza Raza Mr. Muhammad Azhar Saeed Mr. Faisal Ahmed Mr. Mansoor Ali Mrs. Hina Babar
Chief Financial Officer	Mr. Muhammad Azhar Saeed, FCA
Executive Committee	Dr. Syed Salman Ali Shah (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Murtaza Raza (Member) Mr. Muhammad Azhar Saeed (Member)
Audit Committee	Mr. Faisal Ahmed (Chairman) Mr. Muhammad Murtaza Raza (Member) Mr. Mansoor Ali (Member) Mrs. Hina Babar (Member) Mr. Anser Iqbal Chauhan (Secretary)
Human Resource & Remuneration Committee	Mr. Mansoor Ali (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Murtaza Raza (Member) Mr. Muhammad Azhar Saeed (Member) Mr. Faisal Ahmed (Member)
Chief Internal Auditor	Mr. Anser Iqbal Chauhan
Company Secretary	Mr. Mueen Tauqir, ACA
Auditors	Horwath Hussain Chaudhury & Co. Chartered Accountants
Legal Advisers	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant

**Bankers**

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
IGI Investment Bank Limited
JS Bank Limited
Bank Islamic Pakistan Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Oman Investment Co. Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Tameer Microfinance Bank Limited
The Bank of Punjab
United Bank Limited
Waseela Microfinance Bank Limited

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S.,
Karachi-75400.
Tel: (021) 111-000-322

Registered Office/Head Office

Plot No. 1566/124,
Main Walton Road,
Lahore, Pakistan
Tel: (+92 42) 36671191-94
Fax: (+92 42) 36671197

Webpage

www.worldcall.com.pk
www.worldcall.net.pk

DIRECTORS' REVIEW

The Board of Directors of Worldcall Telecom Limited ("Worldcall" or the "Company") is pleased to present its review report along with condensed interim financial information for nine months ended September 30, 2018.

Industry Overview

Information Technology sector has contributed almost \$2.8 billion to the country's export and if there remains government support, exports in this sector could be enhanced to \$5 billion in next three years. Recent initiatives are being taken to promote IT in banking (e-banking), medicine (telemedicine), and manufacturing (e-designing) sectors as a result of which e-commerce penetration has doubled. Complemented with internet penetration, e-commerce is the future mode of conducting business.

Financial Overview

Summary of financial results for nine months ended September 30, 2018 is as follows:

Particulars	September 30, 2018	September 30, 2017
	Rs. in million	
Revenue – net	3,320	1,705
Direct Cost (excluding depreciation and Amortization)	(2,138)	(1,363)
Other Income	1,126	8,205
EBITDA	1,729	8,073
Depreciation and Amortization	(785)	(798)
Finance Cost	(187)	(298)
Profit/(Loss) after tax	981	6,695

During the period under review, the Company closed its financial results reporting Rs 981 million as profit after tax. The company experienced an increase of Rs 1,615 million (95%) in its revenue as compared to 9 months for the last year indicating bright future prospects. Major contributors to the topline were the LDI (Rs 1,765 million) and the Broadband businesses (Rs. 1,504 million). The increase in direct cost of 57% occurred in line with the increase in revenue reported whilst depreciation and amortization expense reduced during the period.

The Company's turnaround has started since January 2018 and it has posted operational profit covering up losses successively for the third quarter.

Future Outlook

Company has undergone a major transformation with the exit of its previous sponsors. Cost restructuring has been effected because of which Operating Costs have been reduced by Rs. 45 million per month and Finance Cost has been curtailed by Rs. 35 million per month. Critical deliverables left unaddressed over the last two years are being addressed through funds made available as part of the transaction and Management is pleased to report that results are showing a corresponding improvement in absolute terms. Term Finance Certificate (TFCs) restructuring has been effected under which repayment tenor has been extended till September 2026 and markup rate has been reduced by 0.6%. Other liabilities previously classified under 'current liabilities' have also been restructured and thus are payable after 12 months' time.

The targets have been broken down into quantitative objectives with emphasis on productive utilization of dormant assets, enhanced quality service while monetizing associated offerings. The Company is ready to sweat the assets and with the stability achieved, is targeting aggressive growth in the upcoming quarters. Till date, for the Broadband segment, over 800,000 subscribers home pass has been achieved, which company anticipates would reach 2 million by the end of December 2018; Contracts with 2 leading global vendors for supply of Digital boxes are in place and Direct To Home (DTH) Television Distribution System License' issuance is in the final phase which would start another era of digitalization. Further we are well placed to launch Fiber to the Home (FTTH) launch as target areas along with vendors have been finalized. For the LDI business the Company is currently in negotiations to acquire state of the art Switch whereas SMS Monetization project is in the pipeline and is near closure. Cashing in on the new developments in ICT technologies, the company has set its footprints in the e-commerce and other business related IT applications as well. To quote some of such campaigns, it has recently got registration with Pakistan Software Export Board as Call Centre to provide services domestically and internationally. International Call Centre service has been kicked off and the revenue has started to flow in from such services. Other projects include Meat on Wheels and WOORIDE.

The financial burden is also easing out. The liabilities payable to Oman Telecommunications Company SAOG and National Bank of Oman are no longer an obligation and therefore the funds available with the Company can be directed for operation betterment more steadily.

Company's staff and customers

We whole heartedly put on record here our appreciation and gratitude to our all staff members for their efforts and hard work especially in recent times of stress and pressure. We further express gratitude towards our loyal customer for their continued support and trust in our services.

For and on behalf of the Board of Directors



Babar Ali Syed
Chief Executive Officer

Lahore, Pakistan
October 31, 2018

مستقبل کا نقطہ نظر

کمپنی کے پچھلے پانچ سالوں کی رخصتی کے بعد کمپنی نے ایک اہم تبدیلی کی ہے۔ لاگت کی بحالی کو متاثر کیا گیا ہے جس کی وجہ سے آپریٹنگ اخراجات میں ماہانہ 45 ملین اور فنانس کی لاگت میں 35 ملین کی ٹھوس کمی کی گئی ہے۔ گزشتہ دو سال سے پس پشت غیر معمولی نتائج کو ٹرانزیکشن کے حصہ کے طور پر دستیاب فنڈز سے حل کیا گیا ہے۔ گزشتہ دو سال سے پس پشت غیر معمولی نتائج کو ٹرانزیکشن کے حصہ کے طور پر دستیاب فنڈز سے حل کیا گیا ہے۔ منجھٹ کو رپورٹ کرنے پر خوشی ہے کہ نتائج مستقبل میں مثبت رجحانات کے ساتھ ساتھ مطلق شرائط میں بہتری کی طرف گامزن ہیں۔ ٹرم فنانس سرٹیفیکیٹ کی بحالی کو عملی جامہ پہنا دیا گیا ہے جس کے تحت ستمبر 2026 تک ادائیگی کی مدت بڑھا دی گئی ہے۔ اور مارک اپ کی شرح 0.6% کم کر دی گئی ہے۔ دیگر دوسری ذمہ داریوں کی مدت ادائیگی بھی بڑھائی گئی ہے جو کہ اب 12 ماہ کے بعد کی جائے گی۔

کمپنی اپنے اثاثوں کے مکمل استعمال کے لئے پُر عزم ہے اور آنے والی چوتھائیوں میں جارحانہ ترقی کو نشانہ بنائے ہوئے ہے۔ ابھی تک براڈ بینڈ سیکمنٹ کے لئے آٹھ لاکھ سے زائد صارفین تک رسائی مکمل کر لی گئی ہے۔ جو کہ توقع ہے کہ سال 2018 کے اختتام تک 2 ملین تک پہنچ جائے گی ڈیجیٹل سیکس کی فراہمی کیلئے دو معروف گلوبل ویڈیوز کے ساتھ معاہدے موجود ہیں اور ڈائریکٹ ٹو ہوم (ڈی ٹی ایچ) کی ٹیلی ویژن ڈیلیوری سسٹم لائسنس کی وصولی آخری مراحل میں ہے۔ جس سے Digitalization کے نئے دور کا آغاز ہوگا۔ اس کے علاوہ ہم فائبر ٹو ہوم (ایف ٹی ایچ) کا اقرب افتتاح کر رہے ہیں جس کے لئے معاہدے طے پا چکے ہیں۔ LDL برنس کے لئے کمپنی ایک جدید سوئچ کے حصول کے لئے بات چیت کے سلسلے میں ہے۔ جبکہ اس کے علاوہ SMS مونیٹراژیشن کا پروجیکٹ زیر غور ہے جسے عملی جامہ پہنانے کیلئے معاہدہ قلم بند ہے۔ اُبھرتی ہوئی ICT دنیا میں کمپنی نے قدم رکھ دیا ہے۔ ایسی مہموں میں سے چند کو بتا سکتے ہیں کہ اس نے حال ہی میں پاکستان سوئفٹ ویئر ایکسپورٹ بورڈ کے ساتھ کال سنٹر کے طور پر رجسٹریشن حاصل کی ہے تاکہ ملک بھر میں اور بین الاقوامی سطح پر خدمات مہیا کی جاسکیں۔ دیگر منصوبوں میں میٹ آن ڈیٹیل، وورائیڈ اور گراسری جینی شامل ہیں۔

مالی بوجھ میں بھی آسانی ہوگئی ہے۔ اومان ٹیلی کمیونیکیشن کمپنی SAOG اور نیشنل بینک آف عمان کی طرف ذمہ دار ذمہ داریاں اب کوئی ذمہ داری نہیں ہیں اور اس وجہ سے کمپنی کے ساتھ دستیاب فنڈز آپریشن کو بہتر بنانے کے لئے مزید ثابت قدمی کے ساتھ استعمال کئے جاسکتے ہیں۔ اس کے علاوہ حال ہی میں کمپنی کے ٹرم فنانس سرٹیفیکیٹ ہو لڈرز بھولت کو دوبارہ بحال کرنے پر متفق ہیں جس سے کیش فلو میں زیادہ اعتماد شامل ہوگا۔

کمپنی کے ملازمین اور صارفین

ہم دل کی اتہا گہرائیوں سے اپنے تمام ملازمین کی کوششوں اور سخت محنت کے متعرف ہیں۔ جنہوں نے کشیدگی اور دباؤ کے حالیہ دنوں میں کمپنی کا ساتھ دیا ہے۔ ہم اپنے قابل قدر صارفین کو سروس کی فراہمی کے لئے پُر عزم ہیں اور ہماری سروسز پر ان کے مسلسل اعتماد کے لئے شکریہ ادا کرتے ہیں۔

لاہور

31 اکتوبر 2018

بکرم بورڈ آف ڈائریکٹرز
بابر علی سید
چیف ایگزیکٹو آفیسر

ڈائریکٹرز کا تجزیہ

ورلڈ کال ٹیلی کام لمیٹڈ ("ورلڈ کال" یا "کمپنی") کے ڈائریکٹرز 30 ستمبر 2018ء کو اختتام پذیر غیر آڈٹ شدہ مالیاتی معلومات کا مختصر جائزہ پیش کرتے ہیں۔

صنعت کا جائزہ

انفارمیشن ٹیکنالوجی سیکٹر میں ملک کی برآمد میں تقریباً 2.8 بلین کی شراکت کی ہے اور اگر حکومت کی فعال پالیسیاں برقرار رہیں تو اس شعبے میں برآمد اگلے تین سالوں میں پانچ ارب ڈالریک بڑھائی جاسکتی ہیں۔ ای۔ بیکنگ، میڈیسن اور مینوفیکچرنگ کے شعبوں میں آئی ٹی کو فروغ دینے کے لئے اقدامات کئے جا رہے ہیں جس کے نتیجے میں ای کامرس کی رسائی و گنی ہو گئی ہے۔ انٹرنیٹ کی رسائی کے ساتھ مل کر ای کامرس کاروبار کرنے کا مستقبل ہے۔

مالیاتی جائزہ

30 ستمبر 2018 کو ختم ہونے والے سہ ماہی کے مالیاتی نتائج کا خلاصہ مندرجہ ذیل ہیں:

Particulars	September 30, 2018	September 30, 2017
	Rs. in million	
Revenue – net	3,320	1,705
Direct Cost (excluding depreciation and Amortization)	(2,138)	(1,363)
Other Income	1,126	8,205
EBITDA	1,729	8,073
Depreciation and Amortization	(785)	(798)
Finance Cost	(187)	(298)
Profit/(Loss) after tax	981	6,695

مدت کے دوران، کمپنی نے ٹیکس کے بعد منافع کے طور پر 981 ملین روپے کے اپنے مالیاتی نتائج کا اعلان کیا۔ کمپنی نے پچھلے سال کے مقابلے میں 19 ماہ میں 615.1 ملین روپے (95 فیصد) کی آمدنی میں اضافہ ظاہر کیا ہے جو کہ کافی خوش آئند ہے۔ آمدن میں بڑے شراکت داروں میں LDI (1,765 ملین روپے) اور براڈ بینڈ (1,504 ملین روپے) شامل ہیں۔ Direct Cost میں 57% کا اضافہ بڑھتی ہوئی آمدن کے ساتھ ہے جبکہ Depreciation & Amortization کے اخراجات میں کمی ہوئی ہے۔

جنوری 2018 سے کمپنی بہتری کی طرف گامزن ہے اور اس نے موزند مدت کے مقابلے میں مسلسل تیسری سہ ماہی میں خسارہ پورا کر لیا ہے۔ ڈائریکٹر امید کرتے ہیں کہ یہ رجحان بقیہ سال بھی جاری رہے گا۔



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

		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)	December 31, 2016 (Audited)
Note		(Rupees in '0 00)	(Rupees in '0 00)	(Rupees in '0 00)
		(Restated)	(Restated)	(Restated)
SHARE CAPITAL AND RESERVES				
Authorized share capital:				
1,500,000,000 (December 31, 2017: 1,500,000,000) ordinary shares of				
Rs. 10 each				
		15,000,000	15,000,000	15,000,000
500,000 (December 31, 2017: 500,000) preference shares of USD 100				
each (USD 50,000,000 equivalent to Rs. 6,000,000,000)				
		6,000,000	6,000,000	6,000,000
Ordinary share capital	5	10,469,603	9,950,546	8,605,716
Preference share capital	6	2,807,054	3,150,236	3,537,700
Dividend on preference shares	7	1,032,824	900,687	743,255
Capital reserves	8	683,028	285,911	1,053,545
Accumulated loss		(12,695,561)	(13,027,326)	(18,755,400)
Surplus on revaluation of fixed assets		554,871	605,249	697,849
		2,851,819	1,865,303	(4,117,335)
NON-CURRENT LIABILITIES				
Term finance certificates	9	1,633,098	-	-
Long term financing		23,156	43,996	42,887
Sponsors' loan	10	1,018,578	675,893	-
Retirement benefits		294,684	253,213	274,930
Long term deposit		90,748	105,000	-
		3,060,264	1,078,102	317,817
CURRENT LIABILITIES				
Trade and other payables		7,220,849	7,554,411	11,947,640
License fee payable		1,021,500	1,021,500	1,021,500
Payable against long term investment	14	38,877	-	-
Short term borrowings		556,843	563,936	960,677
Accrued mark up		100,046	540,671	384,092
Current portion of non-current liabilities		170,912	1,605,672	5,247,019
Unclaimed dividends		1,807	1,807	1,807
Provision for taxation - net		170,922	177,015	-
		9,281,757	11,465,012	19,562,735
Contingencies and Commitments				
	11	-	-	-
TOTAL EQUITY AND LIABILITIES				
		15,193,840	14,408,417	15,763,217
NON-CURRENT ASSETS				
Property, plant and equipment	12	7,148,562	6,924,723	8,076,299
Intangible assets	13	2,404,159	2,697,636	3,088,720
Investment properties		45,800	45,800	38,520
Long term investment	14	50,000	-	-
Long term trade receivable		57,046	65,240	77,061
Deferred taxation		2,934,253	2,661,372	2,531,937
Long term loans		205	2,890	3,211
Long term deposits		46,679	45,511	32,641
		12,686,704	12,443,172	13,848,389
CURRENT ASSETS				
Stores and spares		67,798	76,291	91,373
Stock-in-trade		207,925	67,258	67,290
Trade debts		1,167,344	1,075,745	761,262
Loans and advances		444,188	171,711	141,389
Deposits and prepayments		454,165	443,801	431,819
Short term investments		53,871	58,961	150,799
Other receivables		75,655	49,258	119,486
Income tax recoverable - net		-	-	31,440
Cash and bank balances		36,250	22,220	119,970
		2,507,136	1,965,245	1,914,828
TOTAL ASSETS				
		15,193,840	14,408,417	15,763,217

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements (un-audited).


Chief Executive Officer


Director


Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2018**

		Nine Months Ended September 30,		Quarter Ended September 30,	
		2018	2017	2018	2017
	Note	(Rupees in '000)			
Revenue - net	15	3,320,434	1,704,680	1,029,725	613,766
Direct cost excluding depreciation and amortization		(2,138,263)	(1,363,050)	(824,483)	(460,478)
Operating cost		(579,047)	(490,898)	(199,372)	(181,153)
Gain on re-measurement of investment property at fair value		-	17,800	-	-
Other income - net	16	1,126,271	8,204,774	431,435	124,324
Profit before Interest, Taxation, Depreciation and Amortization		1,729,395	8,073,306	437,305	96,459
Depreciation and amortization		(784,845)	(797,860)	(265,119)	(258,667)
Finance cost		(186,765)	(297,978)	(71,940)	(53,612)
Profit/(loss) before Taxation		757,785	6,977,468	100,246	(215,820)
Taxation	17	222,871	(282,756)	240,580	36,689
Net Profit/(loss) for the Period		980,656	6,694,712	340,826	(179,131)
Earnings per Share - Basic (Rupees)		0.21	7.45	0.11	(0.40)
Earnings per Share - Diluted (Rupees)		0.21	7.45	0.07	(0.40)

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements (un-audited).



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2018**

	Nine Months Ended September 30,		Quarter Ended September 30,	
	2018	2017	2018	2017
	(Rupees in '000)			
Net Profit/(Loss) for the Period	980,656	6,694,712	340,826	(179,131)
Other comprehensive income/(loss):				
<i>Items that will not be reclassified to profit or loss:</i>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
- Changes in fair value of available-for-sale financial assets	(5,090)	(57,760)	(12,735)	(4,177)
Other Comprehensive Loss - net of tax	(5,090)	(57,760)	(12,735)	(4,177)
Total Comprehensive Income/(Loss) for the Period - net of tax	<u>975,566</u>	<u>6,636,952</u>	<u>328,091</u>	<u>(183,308)</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements (un-audited).


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

Nine Months Ended September 30,		
	2018	2017

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

CASH FLOWS FROM OPERATING ACTIVITIES

Cash (Used in) / Generated from operations 18 4,774 448,984

Decrease / (Increase) in non-current assets:

- Long term loans	2,685	180
- Long term deposits	(1,168)	(12,342)
- Long term trade receivables	22,962	22,207

(Decrease) / Increase in non-current Liabilities:

- Long term deposits	-	1,578
	24,479	11,623

Cash (Used in) / Generated from operations 29,253 460,607

Retirement benefits paid (1,992) (198,439)

Finance cost paid (33,381) (178,576)

Income tax paid (45,151) (38,831)

Net Cash (Used in) / Generated from Operating Activities (51,271) 44,761

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(64,651)	(68,936)
Intangibles purchased	-	(1,750)
Investment in subsidiary	(11,123)	-
Proceeds from disposal of property, plant and equipment	81,658	1,844

Net Cash Generated from / (Used in) Investing Activities 5,884 (68,842)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(83,490)	(92,317)
Repayment of term finance certificate	(150,000)	-
Receipt of sponsors' loan	300,000	-
Short term borrowings - net	(7,093)	20,462
Repayment of liabilities against assets subject to finance lease	-	(1,609)

Net Cash Generated from / (Used in) Financing Activities 59,417 (73,464)

Net Increase / (Decrease) in Cash and Cash Equivalents 14,030 (97,545)

Cash and cash equivalents at the beginning of the period 22,220 119,970

Cash and Cash Equivalents at the End of the Period 36,250 22,425

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements (un-audited).


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

Particulars	Ordinary Share Capital	Preference Shares Capital	Dividend on Preference Shares	Share Premium	Discount on Issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Surplus on Revaluation of Fixed Assets	Revenue Reserve	Total
Balance as at December 31, 2016 as previously reported	8,605,716	3,537,700	-	837,335	-	85,910	130,300	-	(18,725,400)	(5,558,139)
Effect of restatement	-	-	-	743,255	-	-	-	697,849	-	1,441,104
Balance as at December 31, 2016 as restated	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	697,849	(18,725,400)	(4,117,235)
Net profit for the period	-	-	-	-	-	-	-	-	6,894,712	6,894,712
Other comprehensive income / (loss) for the period - net of tax	-	-	-	-	-	(57,760)	-	-	-	(57,760)
Total comprehensive income / (loss) for the period - net of tax	-	-	-	-	-	(57,760)	-	-	6,894,712	6,836,952
Incremental depreciation for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	(84,189)	-	(84,189)
Exchange translation reserve	-	-	-	-	-	-	-	-	22,683	22,683
Conversion of preference shares and dividend thereon	828,017	(121,283)	(30,946)	(671,598)	-	-	(5,189)	-	(179,343)	-
Dividend on preference shares for the period	828,017	(121,283)	179,343	-	-	-	-	-	(179,343)	-
Total transactions with owners, recognized directly in equity	828,017	(121,283)	148,397	(671,598)	-	-	17,503	-	(202,026)	-
Balance as at September 30, 2017 as restated	9,434,733	3,416,407	891,652	165,737	-	28,150	147,803	428,660	(12,193,025)	2,519,617
Balance as at September 30, 2017 as previously reported	9,434,733	3,416,407	-	165,737	-	28,150	147,803	-	(12,193,025)	999,305
Effect of restatement	-	-	891,652	-	-	-	-	428,660	-	1,520,312
Balance as at September 30, 2017 as restated	9,434,733	3,416,407	891,652	165,737	-	28,150	147,803	428,660	(12,193,025)	2,519,617
Net loss for the period	-	-	-	-	-	-	-	-	(592,352)	(592,352)
Other comprehensive loss / (income) for the period - net of tax	-	-	-	-	-	(84,078)	-	-	67,294	(16,784)
Total comprehensive loss / (income) for the period - net of tax	-	-	-	-	-	(84,078)	-	-	(525,058)	(525,058)
Incremental depreciation for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	(23,411)	-	(23,411)
Exchange translation reserve	-	-	-	-	-	-	-	-	157,619	157,619
Conversion of preference shares and dividend thereon	1,776,425	(266,171)	(70,322)	(165,737)	-	-	(13,583)	-	(1,900,612)	-
Discount on issuance of ordinary shares	(1,260,612)	-	-	-	-	-	-	-	779,527	779,527
Dividend on preference shares for the period	515,613	(285,171)	3,935	(165,737)	-	-	-	-	(255,976)	-
Total transactions with owners, recognized directly in equity	9,950,546	(3,150,236)	900,687	-	-	(5,928)	291,839	605,249	(13,027,326)	1,955,303
Balance as at December 31, 2017 as restated	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	-	(13,027,326)	1,950,054
Balance as at December 31, 2017 as previously reported	(1,260,612)	-	-	-	1,260,612	-	-	605,249	-	605,249
Effect of restatement	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017 as restated	9,950,546	(3,150,236)	900,687	-	-	(5,928)	291,839	605,249	(13,027,326)	1,955,303
Net profit for the period	-	-	-	-	-	-	-	-	980,056	980,056
Other comprehensive income / (loss) for the period - net of tax	-	-	-	-	-	(5,500)	-	-	(5,500)	(5,500)
Total comprehensive income / (loss) for the period - net of tax	-	-	-	-	-	(5,500)	-	-	980,056	974,556
Incremental depreciation for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	(61,328)	-	(61,328)
Effect of change in tax rates	-	-	-	-	-	-	-	10,950	-	10,950
Exchange translation reserve	-	-	-	-	-	-	-	-	462,805	462,805
Conversion of preference shares and dividend thereon	3,279,169	(843,162)	(115,277)	-	-	-	(61,366)	-	(3,959,133)	-
Discount on issuance of ordinary shares	(3,246,132)	-	-	-	-	-	-	-	(287,414)	(3,280,132)
Dividend on preference shares for the period	519,057	(843,162)	132,137	-	-	-	-	-	(710,119)	-
Total transactions with owners, recognized directly in equity	10,469,603	(2,807,054)	1,059,854	-	-	(11,018)	694,046	554,971	12,895,651	2,651,819
Balance as at September 30, 2018										

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements (un-audited).


Chief Executive Officer


Chief Financial Officer

**NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

Note 1

The Company and its Operations

Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on March 15, 2001 under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Company is domiciled in Pakistan and its registered office is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Note 2

Basis of Preparation

- 2.1 These condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary is stated at cost.
- 2.2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.3 The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at December 31, 2016 is presented in these financial statements due to the a change in policy retrospectively (Refer to Note 3.1).
- 2.4 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended December 31, 2017. Comparative statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2017 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the nine months ended September 30, 2017.
- 2.5 These condensed interim financial statements are unaudited.
- 2.6 These condensed interim (un-audited) financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.
- 2.7 **Going concern assumption**

As at Sep 30, 2018, the accumulated loss of the Company stands at Rs. 12,911.47 million (December 31, 2017: Rs. 13,027.33 million) and its current liabilities exceed its current assets by Rs. 6,865.53 million (December 31, 2017: Rs. 9,499.77 million). These conditions, along with the contingencies referred to in note 11, as also fully explained in note 19 to the annual financial statements for the year ended December 31, 2017, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's management has carried out an assessment of going concern status of the Company and believes that preparation of these financial statements on going concern assumption is appropriate. The management has placed reliance on following factors:

2.7.1 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 6.866 billion as on the reporting date, which can be summarized as below:

Description	Note	Rs in million
Short term Borrowings (Principal+Markup)	2.7.1.1	596
Pakistan Telecommunication Authority (PTA)	2.7.1.2	3,298
Claims of Parties Challenged	2.7.1.3	1,275
Advance from Customers	2.7.1.4	129
Income Tax Provision	2.7.1.5	262
Continuing Business Partners	2.7.1.6	1,301
Other		4
		6,866

The management believes that certain balances included in the above amounts do not represent immediately payable liabilities as detailed below:

- 2.7.1.1** The Company has been successful in obtaining renewals of its short term financing facilities from all major banks and markup servicing is also being improved.
- 2.7.1.2** Liabilities towards PTA stand at approximately Rs. 3.298 billion which shall be payable owing to fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to industry circumstances and Court Orders whereby PTA shall be sharing the repayment plan.
- 2.7.1.3** Above amount includes Rs. 1.275 billion relating to certain parties whose claims have been challenged by the Company in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Company's position, the management believes that such amounts may not be immediately payable under the circumstances.
- 2.7.1.4** Advances from customers and unearned revenue aggregating Rs. 129 million will be recognized as revenue on rendering of services.
- 2.7.1.5** The Company does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.
- 2.7.1.6** The amount payable to creditors amounting Rs. 1.3 billion represents routine trade credits extended by regular parties and these balances represent a revolving nature. Thus, no immediate net cash outlay would be required.

2.7.2 Continued Parent Company Support

The Company's majority shareholder, WSL, has given assurance to provide continued cash flow support to the Company through its letter to the Company's Board of Directors.

Note 3

Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding financial statements of the Company for the year ended December 31, 2017 except for the following:

3.1 Change in Accounting Policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of fixed assets are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on fixed assets to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at December 31, 2017			As at December 31, 2016		
	Rupees in '000					
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
<u>Effect on Statement of Financial Position:</u>						
Surplus on revaluation of fixed assets	605,249	-	(605,249)	697,849	-	(697,849)
Share capital and reserves	1,260,054	1,865,303	605,249	(4,815,184)	(4,117,335)	697,849

Effect on Statement of Changes in Equity:

Capital reserve - surplus on revaluation of fixed assets	-	605,249	605,249	-	697,849	697,849
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There was no impact on condensed interim statement of profit or loss, statement of comprehensive income and statement of cash flows as a result of the retrospective application of change in accounting policy.

Note 4

Significant Accounting Judgments and Estimates

The preparation of condensed interim (un-audited) financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim (un-audited) financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2017.

Note 5
Ordinary Share Capital

September 30, 2018 (Un-audited)	December 31, 2017 (Audited)		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
No. of Shares		Note	(Rupees in '000)	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash	3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger	3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan	1,085,109	1,085,109
638,463,144	260,544,234	Ordinary shares of Rs. 10 each issued against convertible preference shares	6,384,631	2,605,442
			<u>14,990,347</u>	<u>11,211,158</u>
		Less: Discount on issue of shares	(4,520,744)	(1,260,612)
<u>1,499,034,657</u>	<u>1,121,115,747</u>		<u>10,469,603</u>	<u>9,950,546</u>

5.1 Reconciliation of ordinary share capital is as follows:

Opening balance	11,211,158	8,605,716
Add: Ordinary shares capital against convertible preference shares	3,779,189	2,605,442
Closing balance	<u>14,990,347</u>	<u>11,211,158</u>

5.2 During the period, 34,100 (2017: 38,500) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 115.277 million (2017: Rs. 101.268 million) have been converted into 377,918,909 (2017: 260,544,234) ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

5.3 The terms of agreement between the Company and certain lenders of long term financing require prior consent of lenders before distribution of dividends by the Company.

5.4 Worldcall Services (Pvt.) Limited, parent of the Company, holds 501,862,290 shares (2017: 501,862,290 shares) in the Company.

Ferret Consulting F.Z.C., an associate of the Company, holds 45,250,883 shares (2017: 82,661,541 shares) in the Company.

5.5 Reconciliation of discount on issue of shares is as follows:

Opening balance	1,260,612	-
Add: Discount on issuance of ordinary shares during the period / year	3,260,132	1,260,612
Closing balance	<u>4,520,744</u>	<u>1,260,612</u>

Note 6
Preference Share Capital

September 30, 2018 (Un-audited)	December 31, 2017 (Audited)		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
No. of Shares		Note	(Rupees in '000)	
311,500	350,000	Opening balance	3,150,236	3,537,700
		Less: Preference shares converted into ordinary shares during the period / year	(343,182)	(387,464)
<u>(34,100)</u>	<u>(38,500)</u>	6.3	<u>2,807,054</u>	<u>3,150,236</u>
<u>277,400</u>	<u>311,500</u>			

- 6.1 These are foreign currency denominated, in US Dollars, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.
- 6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but no later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted fully or partially not less than USD 1 million at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.
- 6.3 In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their cumulative preference shares and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.2 and Note 7.2.
- 6.4 CPS holders are entitled to non-cash dividend which shall be calculated at the rate of 5.9% per annum on each of the preference shares or the dividend declared by the Company for Ordinary Shareholders, whichever is higher.
- 6.5 CPS have been treated as part of equity on the following basis:
- The shares were issued under the provisions of section 84, 86 and 90 of the Companies Ordinance, 1984 (now companies Act 2017) and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
 - The financial capital of the Company and the issue of the shares were duly approved by the members of the Company at the Annual General Meeting held on April 30, 2012.
 - The requirements of the Companies Act, 2017 take precedence over the requirements of International Financial Reporting Standards.
 - The preference shareholders have the right to convert these shares into ordinary shares.

Note 7
Dividends on Preference Shares

		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	Note	-----Rupees in '000-----	
Dividend on preference shares	7.1	1,032,824	900,687
7.1	This represents accumulated dividend on CPS which is not payable in cash rather it will be converted into ordinary shares as and when the CPS are converted into ordinary shares.		
7.2	During the period, cumulative preference dividend amounting to Rs. 115.277 million (2017: Rs. 101.268 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.		

Note 8
Capital Reserves

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees in '000-----	
Fair value reserve	(11,018)	(5,928)
Exchange translation reserve	694,046	291,839
	683,028	285,911

Note 9
Term Finance Certificates

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	-----Rupees in '000-----	
Opening balance	1,517,110	1,517,110
Less: Payments	(150,000)	-
	1,367,110	1,517,110
Less: Current and overdue portion	(145,000)	(1,517,110)
	1,222,110	-
Add: Deferred markup	562,470	-
Less: Impact of IAS-39	(156,915)	-
Add: Deferred markup-unwinding	5,433	-
	410,988	-
	1,633,098	-

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carried mark up at the rate of six month average KIBOR plus 1.60% per annum, payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 7.81% to 8.64% (2017: 7.66% to 8.19%) per annum.

These TFCs were earlier rescheduled in December 2012, under which the principal was repayable in three semi-annual installments ending on October 07, 2015. In July 2014, the Company initiated the process of second rescheduling with the TFC holders. On April 03, 2015, the TFCs were rescheduled and the terms of the revised rescheduling agreement were effective from October 07, 2014. As per the revised terms, the tenure of the TFCs was extended by seven years with quarterly principal installments ending in October 2021. Mark up rate and security remained the same.

As per the terms of second rescheduling, payments in respect of principal and mark up aggregating to Rs. 1,090.902 million were required to be made up to year ended June 30, 2018. However, payments of only Rs. 146.617 million were made during financial year 2015 and no further payments, of principal and mark up, were made up to June 30, 2018. Hence, constituting a default as per the terms of second rescheduling.

The management was positively engaged with TFC holders for restructuring of the liability. As a positive development in this regard the Board has approved the indicative term sheet. The appointed restructuring agent has circulated the terms sheet and 78.64% investors' approvals have been obtained on the same out of requisite two third majority for execution of restructuring. As of reporting date, subject restructuring to TFC - III Issue has successfully been executed through signing of the 03rd Supplemental.

In accordance with the 3rd Supplemental, the outstanding principal is repayable by way of quarterly staggered installments over the period of 9 years with downward revision in markup of 0.60% i.e. revised markup of six month average KIBOR + 1%. The outstanding markup payable as at the date of restructuring is agreed to be deferred and shall be paid from March 20, 2021 in quarterly installments. Under the revised term sheet, this loan is due to mature on September 20, 2026.

The other main terms include appointment of one representative as nominee director which is in process.

IGI Investment Bank Limited is the Trustee (herein referred to as the Trustee) under the Trust Deed. These TFCs are secured against first pari passu charge over the Company's present and future fixed assets including equipment, plant and machinery, fixtures excluding land and building with 25% margin in addition to all rights, benefits, claims and interests procured by the Company under:

- a) LDI and WLL license issued by PTA to the Company; and
- b) Assigned frequency spectrum as per deed of assignment.

Further, 175 million sponsors shares are pledged for Investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

As per the terms of third rescheduling, payments in respect of principal aggregating to Rs. 175 million were required to be made up to quarter ended September 30, 2018. Same has been serviced by the Company as of reporting date

Note 10

Sponsor's Loan

Sponsor's Loan		September 30, 2018	December 31, 2017
	Note	(Un-audited)	(Audited)
------(Rupees in '000)-----			
Sponsor's loan (interest-bearing - unsecured)	10.1	372,900	331,500
Sponsor's loan (interest-free - unsecured)		668,500	368,500
Adjustment due to impact to IAS-39		(22,822)	(24,107)
		645,678	344,393
		1,018,578	675,893
10.1	Opening balance	331,500	-
	Add: Transferred from short term borrowings	-	419,200
	Add: Exchange Loss	41,400	17,300
		372,900	436,500
	Less: Adjusted during the period / year	-	(105,000)
		372,900	331,500

It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the period on the outstanding balance was 7.50% (2017: 7.45%) per annum.

Note 11

Contingencies and Commitments

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended December 31, 2017.



Guarantees and Letter of Credits

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	------(Rupees in '000)-----	
Outstanding guarantees and letter of credits	366,145	356,288

Commitments

Commitments in respect of capital expenditure	97,154	16,597
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Note 12

Property, Plant and Equipment

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	------(Rupees in '000)-----	
Note		

Operating fixed assets	12.1	7,042,648	6,814,020
Capital work-in-progress		105,914	110,703
		7,148,562	6,924,723

12.1 Operating fixed assets

Opening book value		6,814,020	7,957,927
Additions during the period / year	12.1.1	789,440	99,001
		7,603,460	8,056,928
Disposals / settlement (at book value) for the period / year	12.1.2	(69,446)	(568,573)
Depreciation charged during the period / year		(491,366)	(674,335)
Closing book value		7,042,648	6,814,020

12.1.1 Detail of additions

Leasehold improvements		5,090	23,422
Plant and equipment		54,788	57,376
Leased assets - Plant and equipment	12.1.1.1	720,000	-
Office equipment		4,078	6,243
Furniture and fixtures		879	8,834
Computers		4,499	2,366
Laboratory and other equipment		106	760
		789,440	99,001

12.1.1.1 This represents Indefeasible Right of Use (IRU) over tangible network of a party on reciprocal basis. The Company entered into a new Metro Fiber sale and purchase agreement during the period. The lease component of this agreement has been accounted for as IRU finance lease. The cost of asset is being depreciated over its lease term of 20 years.

12.1.2 Book values of assets disposed off / settled

Freehold Land		19,800	-
Plant and equipment	12.1.2.1	49,059	568,140
Computers		58	433
Vehicles		529	-
		69,446	568,573

12.1.2.1 This includes derecognition of fiber optic cable amounting to Rs. 47.917 million (2017: Nil) for which Indefeasible Right to Use (IRU) is given under 'Metro Fiber sale and purchase agreement'.

Note 13

Intangible Assets

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
	------(Rupees in '000)-----	
Licenses	2,020,132	2,273,459
Softwares	-	949
Indefeasible right of use - media cost	384,027	423,228
	2,404,159	2,697,636



Note 14

Long Term Investment

September 30, 2018	December 31, 2017
(Un-audited)	(Audited)
----- (Rupees in '000) -----	

Subsidiary company - at cost [unquoted]

Route 1 Digital (Private) Limited

30,000 (December 31, 2017: Nil) fully paid ordinary share of Rs. 100 each,
equity held 100% (December 31, 2017: Nil)

50,000	-
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14.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during the period. The principal place of business of Route 1 Digital (Private) Limited is situated at 2nd Floor 300-Y Block Phase III Defence Housing Authority Lahore, Pakistan. This investment in subsidiary is stated at cost.

14.2 From the total consideration amount of Rs. 50 million, only amount of Rs. 11.12 million has been paid as at the reporting date. Remaining payable of Rs. 38.88 million has been shown as a current liability under the head of 'Payable against long term investment'.

Note 15

Revenue - Net

This includes revenue amounting to Rs. 720 million (2017: Nil) in respect of agreement for Indefeasible Right of Use of metro fiber with a customer. The agreement grants both parties to the agreement IRU for 20 years.

Note 16

Other Income - Net

This includes the impact of write back of liabilities amounting to Rs. 974.67 million (Sep 30, 2017: Rs. 8,0321.20 million).

Note 17

Taxation

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

Note 18

Cash Generated from Operations

Nine Months Ended September 30, 2018	2017
(Un-audited)	(Un-audited)
----- (Rupees in '000) -----	

Profit before taxation	757,785	6,977,468
------------------------	---------	-----------

Adjustment for non-cash charges and other items:

- Depreciation on property, plant and equipment
- Amortization on intangible assets
- Revenue from IRU agreement
- Amortization of long term trade receivable
- Provision for doubtful debts and other receivables
- Reversal of provision for doubtful debts
- Provision for stores and spares
- Provision for stock in trade
- Reversal of Provision for stock in trade
- Reversal of Provision for Loan and Advances
- Liabilities no longer payable written back
- Gain on disposal of property, plant and equipment
- Gain on re-measurement of investment property at fair value
- Unwinding of discounting
- Retirement benefits
- Exchange loss on foreign currency loan
- Discounting of deferred markup on TFC
- Discounting of sponsors' loan
- Discounting of long term deposit
- Finance cost

491,366	503,254
293,478	294,605
(720,000)	-
(14,768)	(13,248)
93	1,880
(37)	(58)
-	9,707
-	32
(150,000)	-
(1,688)	-
(822,948)	(8,031,201)
(12,212)	(102,196)
-	(17,800)
31,539	-
43,463	41,938
41,400	2,600
(156,915)	-
(22,854)	-
(16,220)	-
155,226	297,978
(861,077)	(7,012,509)
(103,292)	(35,041)

Operating loss before working capital changes**(Increase) / decrease in current assets**

- Stores and spares
- Stock-in-trade
- Trade debts
- Loans and advances
- Deposits and prepayments
- Other receivables

Increase in current liabilities

- Trade and other payables

8,553	(2,186)
9,333	(13)
(91,655)	(313,161)
(270,789)	(90,540)
(10,364)	(2,634)
(26,397)	60,200
489,385	832,359
108,086	484,025
4,774	448,984

Cash (Used in) / Generated from operations

Note 19
Related Party Transactions

Related parties comprise subsidiaries, associated companies, related group companies, directors of the Company, companies where directors also hold directorship and key management personnel. Significant transactions with related parties are as follows:

			Nine Months Ended September 30,	
			2018	2017
			(Un-audited)	(Un-audited)
			----- (Rupees in '000) -----	
Related Party	Relationship with the Company	Nature of transactions		
Worldcall Services (Private) Limited	Parent Company	Markup on long term borrowings	27,116	23,652
		Funds received during the period under current account	330,400	226,559
		Funds paid during the period under current account	57,252	67,750
		Sponsor's loan received during the period	300,000	-
Ferret Consulting F.Z.C	Associate	Dividend on CPS	224,750	73,418
Route 1 Digital (Private) Limited	Wholly owned subsidiary	Investment made during the period	50,000	-
Key management personnel	Associated persons	Salaries and other employee benefits	100,932	161,833
			Sep 30, 2018	December 31, 2017
			(Un-audited)	(Audited)
			----- (Rupees in '000) -----	
Period/year end balances				
Worldcall Services (Private) Limited		Sponsors' loan	1,018,578	675,893
		Trade creditors	7,375	7,375
		Current Account	336,785	63,637
		Accrued markup	60,085	32,969
Ferret Consulting F.Z.C.		Dividend on CPS	836,644	746,800
Route 1 Digital (Private) Limited		Investment in subsidiary	50,000	-
		Deferred consideration	38,877	-
		Operating expenses	-	-
Key management personnel		Payable against expenses, salaries and other employee benefits	45,148	36,589
		Long term loans	205	2,450
		Advances	6,212	5,837

Note 20
Financial Risk Management
20.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2017.

There have been no changes in any risk management policies since the year end.

20.2 Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for restructuring/refinancing of TFCs as referred to in note 9.

20.3 Fair value estimation

20.3.1 Set out below, is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at the reporting date:



	Sep 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	-----Rs. in '000-----			
Financial Assets:				
Long term trade receivable	57,046	364,095	65,240	420,732
Financial Liabilities:				
Term finance certificates	1,633,098	2,079,580	-	-
Long term deposit	90,748	105,000	105,000	105,000
Sponsors' loan	1,018,578	1,041,400	675,893	700,000
	2,742,424	3,225,980	780,893	805,000

Carrying amounts of other financial assets and financial liabilities approximate to their fair values.

20.3.2 The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at September 30, 2018:

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	53,871	-	-	53,871

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2017:

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	58,961	-	-	58,961

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

Note 21

Date of Authorization for Issue

These condensed interim financial statements (un-audited) were approved and authorized for issue on October 31, 2018 by the Board of Directors of the Company.

Note 22

Corresponding Figures

Corresponding figures have been re-arranged / reclassified, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. Following re-arrangements / reclassifications have been made in these financial statements:

Nature	Reason	From	To	Amount (Rupees in '000)
Revaluation surplus	Change in policy	Surplus on revaluation of fixed assets	Share capital and reserves	605,249
Discount on issue of shares	Required by 4th Schedule to the Companies Act, 2017	Capital reserves	Ordinary share capital	1,260,612
Loan from parent company	Better presentation	Long term financing	Sponsors' loan	675,893
Salaries and other benefits	Better presentation	Operating expense	Direct cost excluding depreciation and amortization	133,699
Marketing and advertisement expenses	Better presentation	Advertisement and marketing	Operating cost	3,911
Unclaimed dividend	Required by 4th Schedule to the Companies Act, 2017	Trade and other payables	Face of balance sheet	1,807


Chief Executive Officer


Director


Chief Financial Officer