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 over-whelming 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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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 JS Bank Limited Bank Islami Pakistan Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Telenor 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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 19th Annual General Meeting (AGM) of WorldCall Telecom Limited (the **"Company")** will be held on April 30, 2019 at 11:00 a.m. at Institute of Chartered Accountants of Pakistan, 155-156, West Wood Colony, Thokar Niaz Baig, Lahore to transact the following business:

A. <u>ORDINARY BUSINESS</u>

1. To confirm the minutes of last general meeting held on April 30, 2018.

2. To receive, consider and adopt financial statements of the Company for the year ended 31 December 2018 together with Directors and Auditor's report thereon;

3. To appoint Auditors of the Company for the year ending December 31, 2019 and to fix their remuneration

B. <u>SPECIAL BUSINESS:</u>

4. To consider and if deemed fit, to amend the capital clause V of the Memorandum of Association, subject to requisite permission.

5. To consider and if deemed fit, to approve the alterations in the Articles of Association of the Company by passing a special resolution as set out in the statement of material facts annexed to this notice.

Attached to this Notice circulated to the members, is the statement of material facts covering the above-mentioned business and proposed resolutions to be passed as special resolutions, as required under Section 134(3) of the Companies Act, 2017.

By Order of the Board

Mueen Tauqir
Company Secretary

Lahore, April 09, 2019

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 23, 2019 to April 30, 2019 (both days inclusive). Transfers received at the office of the Company's Registrars,M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400., by the close of business on April 22, 2019 will be treated in time.

2. Participation in the Annual General Meeting:

All members entitled to attend and vote at the meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A corporate entity, being a member, may appoint any person, regardless they are member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of attorney with specimen signature of the person nominated to represent and vote on behalf of corporate entity shall be submitted to the Company along with completed proxy form. The proxy holders are requested to produce their CNICs or original passports at the time of meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at Plot No. 1566/124, Main Walton Road, Lahore, Pakistan at least 48 hours before the time of the meeting.

3. Guidelines for CDC Account Holders:

Member who have deposited their shares into CDC will further have to follow the under-mentioned guidelines as laid down in circular 01 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a. For attending the meeting personally:

i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. For appointing other members as proxies:

i) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
ii) Attested copies of valid CNIC or of the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce original valid CNIC or original passport at the time of meeting.
iv) In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
v) Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

c. For exercising electronic voting right through Intermediary by providing consent in writing regarding appointment of execution officer as proxy as per the Companies (E-Voting) Regulations, 2016:

i) (name of the person), (designation) is appointed as execution officer for the meeting.
ii) The instruction to appoint execution officer and opting to e-vote through Intermediary as per the Companies (E-Voting) Regulations, 2016 shall be deposited to the company at least end days before holding of general meeting at Plot No. 1566/124, Main Walton Road, Lahore or through email member.report@worldcall.pk
iii) The proxy/e-voting form shall be witnessed by two persons whose names, addresses and CNIC members shall be mentioned on the form.
iv) The company will arrange for e-voting if the company receives demand for poll from at least five members or by any member or members having not less than one tenth of the voting power.

4. Form for Video Conference Facility

Members can also avail video conference facility in (Karachi, Lahore) In this regard please fill the following and submit to registered address of the Company 10 days before holding of general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, ________________________of ____________________, being a member of WorldCall Telecom Limited, holder of _________________ (Ordinary

Share(s) as per Register Folio No.____________ hereby opt for video conference facility at _______________________________________

____
Signature of Member

STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April, 30, 2019.

Authorized Share Capital

The present authorized capital of the Company in rupees is 21,000,000,000 divided into 2,100,000,000 Ordinary/Preference Shares. In order for issue of further shares in future, the Board of Directors have proposed increase in authorized capital in rupee of PKR 29,000,000,000 divided into Ordinary Shares of PKR 10 each. Consequently, the Clause V of the Memorandum of Association and Article 4 of the Articles of Association need to be altered to give effect to the aforesaid increase in authorized capital of the Company. The following resolutions are proposed to be passed as special resolutions:

Resolved that the authorized share capital of the Company be increased from PKR 21,000,000,000 to PKR 29,000,000,000 divided into 2,900,000,000, ordinary shares of PKR 10 each.

Resolved Further that the existing Clause V of Memorandum of Association of the Company shall be deleted and replaced with the following new Clause V in the Memorandum of Association of the Company:

> "The Authorized Capital of the Company shall be PKR 29,000,000,000 divided into 2,900,000,000 Ordinary Shares of PKR 10/- each which may be issued as the Board of Directors of the Company may decide from time to time in accordance with the Companies Act 2017. Moreover, the Company shall have power to increase, reduce, consolidate, sub-divide or re-organize the capital and divide the shares in the capital and kinds thereof for the time being into several classes in accordance with Companies Act 2017 and regulations made by the Securities and Exchange Commission of Pakistan."

Resolved Further that the existing Article 4 of the Articles of Association of the Company shall be deleted and replaced with the following new Clause 4 in the Articles of Association of the Company:

> The Authorized Capital of the Company shall be PKR 29,000,000,000 divided into 2,900,000,000 Ordinary Shares of PKR 10/- each which may be issued as the Board of Directors of the Company may decide from time to time in accordance with the Companies Act 2017. Moreover, the Company shall have power to increase, reduce, consolidate, sub-divide or re-organize the capital and divide the shares in the capital and kinds thereof for the time being into several classes in accordance with Companies Act 2017 and regulations made by the Securities and Exchange Commission of Pakistan.

Resolved Further that the Authorized Share Capital of Rs. 29 billion be utilized to issue Ordinary Shares of PKR. 10 each and / or Preference Shares as the Board of Directors of the Company may decide from time to time in accordance with the applicable law.

Resolved Further That the Chief Executive and Chief Financial officer / or Company Secretary be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate and implementing this resolution.

Resolved Further That the aforesaid alteration in the Memorandum and Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be suggested and agreed by the Chief Executive of the Company and any such alterations or amendments shall be effective and treated as approved by the shareholders and deemed to be part and parcel of this resolution without the need for any fresh approval of the members in extraordinary general meeting.

Reasons for alteration in authorized share capital

Alteration of authorized share capital is being proposed to enhance the existing authorized capital in order to allow future issue of shares. Additional authorized capital of 8,000,000,000 divided into 800,000,000 ordinary shares of PKR 10 each is being proposed.

Alteration in Articles of Association

The Company has issued Preference Shares (hereinafter 'PS') pursuant to approval dated 07 June, 2013 granted by the Securities and Exchange Commission of Pakistan (hereinafter the 'SECP') on terms and conditions contained in the Subscription and Shareholders Agreement and ratified by the Company by way of special resolution passed on 04 May, 2013. As per the terms of the PS, the shares were to be convertible in accordance with the schedule for conversion provided for in the Articles of Association of the Company. There was also a provision for mandatory conversion immediately upon expiry of the fifth anniversary of the issuance of the PS. This Mandatory Conversion Date has since passed and the Class A and Class B Preference Shareholders in their respective general meetings have passed special resolutions allowing for alterations in the Articles of Association of the Company as set out herein including issuance of ordinary shares at Par value of PKR 10 each on conversion after passing of the Mandatory Conversion Date. The Shares for which notices have been received before Mandatory Conversion Date, however, shall be converted on the terms prevalent on the date of notice It is further proposed to provide consent of 75% instead of 100% of the Class A shareholders.

The Company has accordingly proposed the following resolutions to be passed as special resolutions for alteration in the Articles of Association of the Company.

1. "**Resolved that** the approval of the members of WorldCall Telecom Limited (the "**Company**") be and is hereby accorded pursuant to the requirements of Section 38 and Section 59 of the Companies Act, 2017 (the "Act") and other applicable provisions of the Act and the Articles of Association of the Company to:

   (a) substitute existing Article 36 B of the Articles of Association of the Company to read as follows:

   "36 - B Variation in Rights:
   The Rights attached to either class of Shares may only be varied, modified or abrogated in the manner provided by the Companies Act, 2017 and these Articles: (a) with the prior written approval of at least 75% of the Class A Preference Shareholder; and (b) by way of Special Resolution passed at a general meeting of the holders of that class and all other provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting."

   (b) add the following new sub-clause (v) immediately after the sub-clause (iv) of Article 2 (m):

"(e) If the Preference Shares, for which notices have not been received under optional conversion period, are not converted into ordinary shares on the Mandatory Conversion Date, the same along with Dividend Shares issued by the Company, shall be converted on any date from the Mandatory Conversion Date, at Par value of PKR 10 each. The Shares for which notices have been received before Mandatory Conversion Date, such shares would be converted on the terms prevalent on the date of notice"

(c) add the following new sub-Article (f) immediately after the sub-article (e) of Article 17-C - Mandatory Conversion of Preference Shares:

"(f) Preference Shares after the Mandatory Conversion Date shall be converted at Par value of PKR 10 each except those Preference Shares for which notices have been received before the Mandatory Conversion Date."

"Resolved further that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of documents/agreement(s) and to complete all legal formalities including requisite filing of documents as may be necessary or incidental for the purpose of implementing the aforesaid special resolutions."

Availability of Relevant Documents

A copy each of the existing and amended Memorandum and Articles of Association indicating the proposed amendments and the documents pertaining to proposed special resolutions are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the Annual General Meeting. The same shall also be available for inspection by the members in the AGM.

Statement of the Board of Directors

We, the members of the Board of Directors of WorldCall Telecom Limited (t he "Company") hereby confirm that the proposed amendments/alterations in the Memorandum and Articles of Association of the Company are in line with the applicable laws and regulatory framework.

Syed Salman Ali Shah
Chairman, Board of Directors
WorldCall Telecom Limited

.c ثالث کے ذریعے نمائندے کی حیثیت سے تعمیل کرنے والے افسر کی تعیناتی کی تحریری رضامندی فراہم کر کے کمپنی کے (ای ووٹنگ) قواعد 2016ء کے مطابق الیکٹرانک ووٹ کے حق کے اطلاق کے لئے

(i ....(فرد کا نام)،...........................(عہدہ) کو اجلاس کے لئے اطلاقی افسر مقرر کیا گیا ہے۔

(ii کمپنی کے (ای ووٹنگ) قواعد، 2016ء کے مطابق ثالثی کے ذریعے ای ووٹ کو اختیار کرتے ہوئے اطلاقی افسر کو تعینات کرنے کی ہدایت عمومی اجلاس کے انعقاد سے پہلے کم از کم آخر دنوں میں 1566/124، مین والٹن روڈ، لاہور میں جمع کرانا ہوگی۔ یا ای میل ایڈریس member.report@worldcall.pk ای میل کرنا ہوگی۔

(iii پراکسی/ای ووٹنگ فارم کی توثیق دو گواہ کریں گے جن کے نام، پتے اور شناختی کارڈ فارم پر درج ہوں گے۔

(iv کمپنی کے کم از کم 5 ارکان یا کسی بھی رکن یا ارکان، جن کے پاس کم از کم ایک دہائی ووٹنگ کی طاقت ہو، کے مطالبہ پر کمپنی ای ووٹنگ کے انتظامات کرے گی۔

.4 ای میل کے ذریعے آڈٹڈ مالیاتی سٹیٹمینٹ

SECP اپنے 8 ستمبر 2014 کے نوٹیفیکیشن نمبر SRO 787 (I)/2014 جو کمپنیز آرڈیننس 1984ء کی شقوں 50، 158 اور 233 کے دائرہ اختیار میں آتا ہے کے تحت آڈٹڈ مالی اسٹیٹمنٹ بمع نوٹس کو جاری کرنے کی اجازت دیتا ہے۔ اس لئے، جو اراکین سالانہ رپورٹ کی نقل اور نوٹس حاصل کرنا چاہتے ہیں کو ہدایت کی جاتی ہے کہ وہ اپنا ای میل ایڈریس فراہم کریں۔ الیکٹرانک ترسیل کی رضامندی کمپنی کی ویب سائٹ www.worldcall.com.pk پر انویسٹر کی اطلاع کے لنک پر شائع ہونی چاہیے۔

تاہم کمپنی مطالبے پر بغیر کسی خرچ کے آڈٹڈ مالی سٹیٹمنٹس کی تحریری کاپی درخواست موصول ہونے کے سات دن کے اندر اپنے حصص داران کو فراہم کرے گی۔ اگر کسی رکن کے پتہ میں تبدیلی ہوگئی ہے تو انہیں اپنا رجسٹرڈ پتہ فوراً تبدیل کرنے کی ہدایت کی جاتی ہے۔

SECP کے 10 جولائی 2014ء کو جاری کردہ نوٹیفیکیشن نمبر SRO 634 (I)/2014 کے تحت کمپنی سالانہ اجلاس عام کے انعقاد کے بعد اکیس (21) دن کے اندر اپنی ویب سائٹ www.worldcall.com.pk پر مالی سٹیٹمنٹ اور رپورٹ شائع کرے گی۔

وڈیو کانفرنس سہولت کی نوعیت

اراکین (کراچی، لاہور کے لئے) وڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس تناظر میں مندرجہ ذیل کو پر کریں اور اور اجلاسِ عام کے انعقاد سے 10 دن پہلے کمپنی کے رجسٹرڈ پتے پر جمع کروائیں۔

اگر کمپنی 10 فی صد یا اس سے زیادہ مجموعی حصص داری کے حامل اراکین اجلاس کی تاریخ سے کم از کم 10 دن پہلے کسی جغرافیائی مقام پر رہتے ہوئے اجلاس میں شرکت کرنے کے لئے رضامندی حاصل کرتی ہے تو اجلاس عام کی تاریخ سے کم از کم 5 دن پہلے دستیابی کی صورت میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی اور ضروری اطلاع دے گی تا کہ وہ اس سہولت سے استفادہ حاصل کر سکیں۔

میں/ہم..رہائش..ورلڈ کال ٹیلی کام لمیٹڈ

کے رکن کی حیثیت سے..............................(کے عمومی حصص) کے مالک ہونے پر رجسٹرڈ فولیو نمبر..............................تحت

..............................کے مقام پر وڈیو کانفرنس کی سہولت حاصل کرنے کا خواہش مند ہوں۔

رکن کے دستخط

مندرجات

1. حصص کی منتقلی کی کتاب کی بندش

کمپنی کے حصص کی منتقلی کی کتاب 23اپریل 2019 سے 30اپریل 2019ء (بشمول دونوں دن) بند رہے گی۔ کمپنی کے رجسٹرار کے دفتر، میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، C-40، بلاک-6، PECHS، کراچی-75400 میں 22اپریل 2019ء کو کاروباری وقت ختم ہونے تک موصول ہونے والی منتقلی پر بروقت عمل ہوگا۔

2. سالانہ اجلاس عام میں شرکت

تمام اراکین جو اجلاس میں شرکت اور ووٹ ڈالنے کے اہل ہیں، اپنی طرف سے ووٹ اور شرکت کرنے کے لئے کسی دوسرے رکن کو تحریری طور پر اپنا نمائندہ مقرر کرنے کے مجاز ہیں۔ ایک کاروباری ادارہ، ایک رکن کی حیثیت سے، کسی بھی شخص کو چاہے وہ رکن ہے یا نہیں، اپنا نمائندہ مقرر کرسکتا ہے۔ کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ جس پر کاروباری ادارے کی طرف سے نمائندگی اور ووٹ دینے کے لئے اُس شخص کے نمونہ کے دستخط موجود ہوں بمعہ مکمل پراکسی فارم پارٹی کو جمع کرائے گا۔ نمائندگی حاصل کرنے والوں سے درخواست کی گئی ہے کہ وہ اجلاس کے وقت اپنے شناختی کارڈ اور اصلی پاسپورٹ پیش کریں۔

اس کے اطلاق کے لئے، حسبِ ضابطہ مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر واقع، 1566/124، مین والٹن روڈ، لاہور میں اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے پہنچ جانا چاہئے۔

3. CDC اکاؤنٹ ہولڈرز کے لئے ہدایات

CDC اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے عائد کی گئی مندرجہ ذیل ہدایات کی بھی پیروی کرنا ہوگی۔

a. ذاتی طور پر اجلاس میں حاضری کے لئے

(i) انفرادی طور پر، کھاتہ داران اور ذیلی کھاتہ داران جس کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں اُن کو اپنے مجاز کمپیوٹرائزڈ قومی شناختی کارڈ یا اصلی پاسپورٹ کی اجلاس کے موقع پر توثیق کرنی ہوگی۔

(ii) کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹر کی قرارداد/مختار نامہ جس پر نامزد شخص کے نمونہ کے دستخط موجود ہوں اجلاس کے موقع پر پیش کرنا ہوگا۔ (اگر یہ پہلے جمع نہیں کرائے گئے)۔

b. دوسرے ارکان کے لئے جن کو نمائندہ مقرر کیا گیا ہے

(i) انفرادی طور پر، کھاتہ داران یا ذیلی کھاتہ داران جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں اُن کو مندرجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرانا ہوگا۔

(ii) نمائندہ اور استفادی مالک کے مجاز شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوگی۔

(iii) نمائندہ کو اجلاس کے موقع پر اصل شناختی کارڈ اور پاسپورٹ پیش کرنا ہوگا۔

(iv) کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمع نمونہ کے دستخط (اگر پہلے جمع نہیں کرائے گئے ہیں) پراکسی فارم کے ہمراہ کمپنی میں جمع کرانا ہوگی۔

(v) پراکسی فارم کی گواہی دو افراد دیں گے۔ جن کے نام، پتے اور قومی شناختی کارڈ نمبر فارم پر درج ہوں گے۔

ورلڈ کال ٹیلی کام لمیٹڈ کا انیسواں سالانہ اجلاسِ عام

بذریعہ ہذا نوٹس مطلع کیا جاتا ہے کہ ورلڈ کال ٹیلی کام لمیٹڈ (''کمپنی'' یا ''WTL'') کے حصص داران کا انیسواں سالانہ اجلاسِ عام (''AGM'') مندرجہ ذیل امور کی انجام دہی کے لئے 30 اپریل 2019 بروز منگل بوقت 11:00 بجے دن انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، 155-156، ویسٹ ووڈ کالونی، ٹھوکر نیاز بیگ، لاہور میں ہونا قرار پایا ہے۔

عمومی امور

1. اٹھارواں سالانہ اجلاس عام منعقدہ 30 اپریل 2018 کی روئنداد/تفصیلات کی تصدیق کرنا۔
2. 31 دسمبر 2018 کو اختتام پذیر سال کے لئے کمپنی کی مالی سٹیٹمنٹ بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹ کو وصول، زیرغور اور قبول کرنا۔
3. 31 دسمبر 2019ء سال کے لئے آڈیٹرز کو مقرر کرنا اور ان کا معاوضہ طے کرنا۔

خصوصی امور

4. کمپنی کی میمورینڈم آف ایسوسی ایشن (MOA) کی شق نمبر 5 کو مندرجہ ذیل ترامیم کے لئے غور وخوض، منظوری، قبولیت اور مندرجہ ذیل خصوصی قرارداد کو ترامیم یا ترامیم کے بغیر منظور کرنا۔

5. اس بات پر غور کرنے اور اگر مناسب سمجھا جائے تو، کمپنی کے آرٹیکل آف ایسوسی ایشن (AOA) میں تبدیلی کے لئے خصوصی قرارداد منظور کرنا۔ اس مقصد کے لئے نوٹس کے ساتھ مادی حقائق کا بیان آویزاں ہے۔

کمپنیز ایکٹ، 2017 کی دفعہ 134(3) کے تحت مندرجہ بالا کاروباری معاملات اور مجوزہ قراردادوں کو پورا کرنے والے مادی حقائق کا بیان اس نوٹس کے ساتھ منسلک ارکان کو ارسال کیا گیا ہے۔

بحکم بورڈ آف ڈائریکٹرز

Mueen Tauqir

Mueen Tauqir

کمپنی سیکرٹری

لاہور: 9 اپریل 2019

CHAIRMAN'S MESSAGE

Dear Shareholders,

The Telecommunication market in Pakistan is open, offering level playing field to operators. Through enabling telecommunication policies and spectrum auction for next generation mobile services, the broadband penetration has jumped from 3.7 million to 52 million. This presents WorldCall Telecom Limited a realm of opportunities. To embark upon the path of success it needs preparedness, foresight and utmost your confidence in the Company. There have been ups and downs recently but it was buoyance of our investors that has helped us to continue during times of distress. I would like to thank you for your assurance in WorldCall.

It's been a first full year without the previous sponsors and the company's performance has been commendable. The company has come out of operational losses and positive EBITDA has become a regular feature of the Income Statement. The revenue for the year has taken a leap, current ratio has improved whilst the equity has also become positive. Apart from this Term Finance Certificate (TFCs) restructuring has been effected under which repayment tenor has been extended and the penalty associated with TFC has been waived. It is worth mentioning here that, despite the challenges including energy crisis, inconsistent tax regimes, and political instability WorldCall Telecom Limited has closed the year at Rs. 4,358 million in comparison to Rs. 2,322 million last year.

Emphasis on exploiting the assets have been the motto lately. WorldCall endeavor to be one of the most competitive companies in the industry with emphasis on efficiency in operations and reliability for customers. Guided by our glorious past and geared towards the future, we have the key success factors necessary to withstand the winds of change. Our well-recognized market presence with a strong portfolio of products and services, is what will take us marching into the future.

I again would like to extend my gratitude to our partners, our employees and our customers for trusting WorldCall as the preferred choice for telecom services.

I feel convinced that WorldCall Telecom will produce positive outcomes in times ahead.

Syed Salman Ali Shah
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore, Pakistan
April 09, 2019

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2018

DEAR SHAREHOLDERS,

We are pleased to present the standalone and consolidated Financial Statements of WorldCall Telecom Limited for the year ended December 31, 2018.

ECONOMIC OVERVIEW

Pakistan's economy is showing strong signs of rising growth and price stability. The near term outlook for economic growth is broadly favorable supported by improved power supply, investment relating to the China Pakistan Economic Corridor (CPEC), strong consumption growth and ongoing recovery in agriculture.

Pakistan and China are executing Cross-border Fiber optic projects (Khunjerab – Rawalpindi), 820km long cable, which is in the implementation phase. The project will surely support IT development in the northern parts of the country besides connecting the Transit Europe-Asia Terrestrial Cable Network with Pakistan. A pilot project of Digital Television Multiband Broadcast (DTMB) has also been completed under CPEC.

FINANCIAL PERFORMANCE REVIEW

WorldCall Telecom Limited financial statements consist of the financial statements of the parent company on a standalone basis, as well as the consolidated financial statements.

WorldCall Telecom Limited – Standalone Financial Statements

Summary of financial results on standalone basis for the year ended December 31, 2018 is as follows:

Particulars	December 31, 2018	December 31, 2017
	Rs. in million	
Revenue – net	4,358	2,322
Direct Cost (excluding depreciation and Amortization)	(3,031)	(1,934)
Other Income	1,573	8,145
EBITDA	1,930	7,660
Depreciation and Amortization	(1,126)	(1,067)
Finance Cost	(233)	(348)
Profit/(Loss) after tax	447	6,102

The company has reported a net profit of Rs. 447 million for the year ended December 31, 2018 as compared to net profit of Rs. 6,102 million in the year 2017. This dip has mainly been caused by lesser liabilities write backs as compared to financial year 2017. During the year under consideration liabilities worth Rs. 718 million were written back whereas their quantum for last year was Rs. 7,965 million. Apart from that, the operations of the company have shown commendable progress. Yearly revenue for 2018 was closed at Rs. 4,358 million registering a growth of 88% in comparison to Rs. 2,322 million for the year ended 2017.

The emphasis has been on sweating the assets, lately. The LDI business was the standout out of all the businesses courtesy exchange rate fluctuations. The business registered a growth of 58% in revenue as compared to the last year with the traffic flow in terms of international minutes reaching to 954 million. Last year the quantum of minutes was 1.3 billion. Keeping that in perspective the company is constantly injecting capital into the LDI business, targeting expansion in the LDI infrastructure and the resultant interconnect revenues

The Broadband business gained grounds by recording the revenue of Rs. 1,899 million during the year courtesy enhanced service offering. Concerted efforts were made to increase the network base and tap in more customers which have started to pay off dividends.

The demand for data is still there and is growing at an ever increasing rate. With a huge carrier network across the country WTL has a comparative advantage in offering quality infrastructure services to households as well as to corporate entities. In a nutshell, Company is fully geared up to capture market share with better service offering and upgraded HFC network.

The Company has been successful in sustaining its Direct Costs in comparison to increase in revenue. Measures such as right sizing and engaging competent professionals to uplift the operations are some of the major factors for such sustenance. Other cost warranting a mention is ‘Depreciation and Amortization’. During the year 2018 Company recorded a revaluation surplus of Rs. 1,341 million on its fixed assets which has resulted in a corresponding increase in the Depreciation and Amortization expense.

Company has undergone a major transformation with the exit of its previous sponsors. Cost restructuring has been effected because of which Operating and Finance Costs have been reduced. Term Finance Certificate’s (TFCs) restructuring, the only secured liability, 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 classified as noncurrent.

WorldCall Telecom Limited – Consolidated Financial Statements

Consolidated financial statements comprise the financial results of WorldCall Telecom Limited (Parent Company) consolidated with Route 1 Digital (Private) Limited (Subsidiary Company). Route 1 Digital is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired this subsidiary during the year for which control was obtained on April 20, 2018.

DIVIDEND

Considering the cash flow situations and expansion plans, directors have not recommended any dividend payout or bonus shares for the year.

Earnings Per Share

The company recognized loss per share of Rupee 0.18 on a standalone basis. On a consolidated basis, the loss per share was Rs. 0.18.

FUTURE OUTLOOK

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 sweating the assets and with the stability achieved, is targeting aggressive growth in the upcoming quarters. Till date, for the Broadband segment, over 1.2 million subscribers have come into the company’s network; Contracts with 2 leading global vendors for supply of Digital boxes are in place and negotiations with 2 potential DTH License holders are being held to provide end to end Direct to Home (DTH) solution 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 has acquired state of the art Switch whereas Broadband, a joint venture agreement has recently been penned with Technology At Work (T@W) to provide high speed internet nationwide.

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. Acquisition of Route 1 Digital (Pvt) Limited is a means to launch WOORIDE with new energy and enthusiasm.

AUDITORS' REPORT

The External Auditors have given their unqualified opinion on the financial statements of the parent company, on standalone basis, for the year ended December 31, 2018 wherein they have given a 'Material Uncertainty relating to Going Concern' para on going concern indicating that the Company has accumulated losses of Rs. 13,162 million and current liabilities exceeds current assets by Rs. 5,574 million. These conditions, along with other matters as set forth in note 2.2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's management however has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of these financial statements is appropriate based on the grounds explained in note 2.2 of financial statements.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the Listing Regulations of Pakistan Stock Exchange, the Board members are pleased to place the following statements on record:

- The financial statements for the year ended December 31, 2018 present fairly the state of affairs, the results of the operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2018 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on December 31, 2018;
- The key operating and financial data for last six years is given in this report;
- Information regarding outstanding taxes & levies / default is given in notes to the financial statements for the year ended December 31, 2018.

BOARD OF DIRECTORS

Currently the Board consists of seven directors. All of them carry a wide range of experience to the Board watching over best interest of stakeholders and the Company. Out of them one director is independent in accordance with the criteria mentioned in Code of Corporate Governance.

During the year under review, five (05) meetings of the Board of Directors were held from January 1, 2018 to December 31, 2018. The attendance of the Board members at the meetings was as follows:

Board Composition	Attendance at Meetings
Executive Directors	
Babar Ali Syed	5/5
Muhammad Azhar Saeed	5/5
Non-Executive Directors	
Muhammad Murtaza Raza	4/5
Faisal Ahmed	5/5
Agha Mansoor Ali	5/5
Hina Babar	5/5
Independent Director	
Syed Salman Ali Shah	5/5

- The leave of absence was granted to the members, who did not attend the Board meetings.

- Aggregate amount charged in the financial statements for remuneration (advisory fee) to non-executive directors was Rupees 6.0 million (2017: 4.9 million). During the year Meeting fee charged to the financial statements amounts to Rupees 4.4 million (2017: Rupees 1.3 million) for attending board and other meetings, which is not part of remuneration.

DIRECTORS 'TRAINING

Three of our Directors, Mr. Muhammad Azhar Saeed (CFO), Mr. Muhammad Murtaza Raza (Director) and Mr. Mansoor Ali (Director) have obtained the prescribed certifications under the Directors Training Program. One Director is exempt from DTP. He has a minimum of 14 years of education and 15 years or more experience on the Boards of listed companies, and hence is exempt from the Directors Training Program.

BOARD COMMITTEES

The Board has the following committees:

- Audit Committee
- Human Resource and Remuneration Committee
- Executive Committee

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters / terms of references (TORs) of these committees.

Audit Committee

Audit Committee comprises of four non-executive directors. Five meetings were held during the year. Audit Committee meetings preceded each Board of Directors' meeting held to review financial statements during which audit reports, compliance with Code of Corporate Governance (CCG) requirements were reviewed by the committee members. These meetings also included meetings held with external auditors before and after completion of audit for the year ended December 31, 2018 and other statutory meetings as required by the CCG. The composition of Audit Committee is as follows:

Committee Composition	Designation	Attendance at Meetings
Faisal Ahmed	Chairman	5/5
Muhammad Murtaza Raza	Member	4/5
Agha Mansoor Ali	Member	5/5
Hina Babar	Member	5/5
Anser Iqbal Chauhan	Secretary	5/5

The Audit Committee operates under TORs duly approved by the Board. TORs of the Audit Committee address the requirements of the Code of Corporate Governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. The Committee also monitors the performance of Internal Audit Department which adopts risk based approach for planning & execution of assurance & consulting assignments to ensure value addition and improving company's operations. Further, the Committee ensures that the Company has an effective internal control framework. Objectives of these controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation, ensuring the reliability of financial information and efficiency & effectiveness of operations. The Chief Internal Auditor reports directly to the Chairman of the Audit Committee.

Human Resource and Remuneration (HR & R) Committee

Human Resource & Remuneration Committee consist of five members. As required, the Chairman of the HR & R Committee is a non-executive director. The Committee holds meetings to discuss the matters falling under the terms of its reference. One meeting was held during the year which was attended by the all members as follows

Committee Composition	Designation
Agha Mansoor Ali	Chairman
Babar Ali Syed	Member
Muhammad Murtaza Raza	Member
Muhammad Azhar Saeed	Member
Faisal Ahmed	Member

The HR & R Committee is responsible to review the human resource architecture of the Company and address the requirements described in its Terms of References as per Code of Corporate Governance. The committee has been constituted to address and improve the crucial area of human resource development. Its aim is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits. Selection, evaluation and compensation of CEO, COO, CFO, Company Secretary and Head of Internal Audit is also be reviewed and recommended to the Board by the Committee.

Executive Committee (EC)

Executive Committee consists of four members. The Committee holds meetings to discuss the matters falling under its Terms of Reference. No meeting was held during the period. Following are the details about members.

Committee Composition	Designation
Syed Salman Ali Shah	Chairman
Babar Ali Syed	Member
Muhammad Murtaza Raza	Member
Muhammad Azhar Saeed	Member

The Committee is entrusted with the tasks of oversight, performance of Company to assist Board and, to review and approve the business plans and budgets, follow-up the achievements of the Company's strategic intent as approved by the Board, review and recommend investment proposals, recommend for approval both short term and long term finance options, ensure adherence to administrative and control policies adopted by the Board and monitoring compliance thereof. The Committee is also responsible for dealing on the Board's behalf with matters of an urgent nature when the Board of Directors is not in session, in addition to other duties delegated by the Board.

AUDITORS

The auditors Messer's Horwath Hussain Chaudhury & Co., Chartered Accountants have a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

HOLDING COMPANY

WorldCall Telecom Limited is a subsidiary of WorldCall Services (Pvt) Limited (Holding Company). The holding company owns 501,862,290 ordinary of WorldCall Telecom Limited.

WorldCall Services is a private limited company in Pakistan incorporated under the Companies Act 2017. The objects of the Company include carrying on and undertaking the business of providing payphone services and generating revenue from communication services in Pakistan.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the Company during the year and future outlook. The directors of the Company endorse the contents of the review.

PATTERN OF SHAREHOLDOING

The pattern of shareholding as on December 31, 2018 and its disclosure as required by the Act and Code of Corporate Governance is annexed with this report.

There was no other reported transaction of sale or purchase of shares of the Company by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Chief Internal Auditor, Chief Operating Officer and their spouses or minor children during the year under review, except as given in Pattern of Shareholding.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchanges in their Listing Regulations relevant for the year ended December 31, 2018 have been adopted by the Company and have been duly complied with. A statement of this fact is annexed to the report.

MATERIAL CHANGES

There have been no material changes since year end December 31, 2018 till date of the report except as disclosed in this annual report and the company has not entered into any commitment which would affect its financial position at the date except for those mentioned in audited financial statements of the company for the year ended December 31, 2018.

STATUTORY COMPLIANCE

During the year the company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

CODE OF CONDUCT

The Board has adopted a Code of Conduct as a framework to exhibit sound and ethical behavior in internal dealings and dealing with customers, suppliers, regulators and other stakeholders. The Board has taken steps to disseminate the Code throughout the company along with supporting policies and procedures while this Code is available on the employee's web portal as well.

RELATED PARTY TRANSACTIONS

All transactions with related parties are reviewed and approved by the Board. The Board approved pricing policy for related party transactions as discussed in the notes to the financial statements.

WEB PRESENCE

Updated information regarding the company can be accessed at Company website: www.worldcall.com.pk. The website contains the latest financial results of the company along with company's profile. To facilitate its customers the Company also has its commercial website: www.worldcall.net.pk that contains information about product and services offered by the Company.

CORPORATE SOCIAL RESPONSIBILITY

The company believes in its social responsibility and performed the same through environmental protection measures, community investment and associates welfare scheme, consumer protection measures, industrial relations, occupational safety and health, business ethics and national cause donation.

HEALTH AND SAFETY ENVIRONMENT

The Company conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society by complying with all applicable Government and internal health, safety and environmental requirements.

EMPLOYEE OF THE MONTH AWARDS

The Company is committed to ensure that the personnel performing services for the company are treated with dignity & respect. We believe in long term relationship with the employee and duly recognize associate's efforts on successful accomplishment of their KPIs. Numbers of associates were rewarded with Employee of the Month Awards. Commemorating certificates and gift vouchers were presented to the associates.

ACKNOWLEDGEMENT

The Board of Directors wishes to place on record here, appreciation and gratitude for the continued support and trust of our valuable customers, suppliers, contractors and stakeholders. We appreciate their cooperation and assistance which helped us in meeting the challenges and improving our performance.

It goes without saying that all the achievements of the Company have been possible only due to the ceaseless and untiring efforts of its dedicated employees. Their professionalism, commitment to work and ability to perform remarkably well even in certain adverse conditions helped the Company to sustain during the worst economic recession. The Company remains thankful to all of its employees for their persistent efforts and valuable contributions. The Board also appreciates the helpful role played by members of Audit, Human Resource and Executive Committees in assisting the management on various governance matters.

We would also like to appreciate the positive and highly constructive role played by PTA in the success and development of the telecom sector.

Apart from this we are also thankful for the continued support and assistance extended to us by our Parent Company throughout the year. This support has been highly pivotal in encouraging the management and employees and in meeting the formidable challenges.

For and on behalf of the board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore, Pakistan
April 09, 2019

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی سماجی ذمہ داری پر یقین رکھتی ہے اور ماحولیاتی تحفظ کے اقدامات، کمیونٹی کی سرمایہ داری اور منسلکہ فلاحی سکیم، گاہک کی حفاظت کے اقدامات، صنعتی تعلقات، شعبہ جاتی حفاظت اور صحت، کاروباری اخلاقیات اور قومی مقاصد کے لئے چندہ دینا وغیرہ کے ذریعے اپنا کردار ادا کیا ہے۔

صحت اور تحفظ اور ماحول

کمپنی پوری ذمہ داری سے اپنا کاروبار کر رہی ہے اور کمپنی حکومت اور اندرونی صحت، تحفظ اور ماحولیاتی ضروریات کو مدنظر رکھتے ہوئے ایک لحاظ سے صحت، تحفظ اور اپنے ساتھیوں اور معاشرے کے لئے ماحولیاتی تبدیلیوں سے بچاؤ کے لئے کردار ادا کر رہی ہے۔

مہینے کے بہترین ملازم کا ایوارڈ

کمپنی یہ یقین دلانے کے لئے پرعزم ہے کہ کمپنی کے لئے ذاتی کارکردگی کی خدمات کو قدر اور عزت کی نگاہ سے دیکھا جاتا ہے۔ ہم ملازمین کے ساتھ طویل مدتی تعلق قائم کرنے پر یقین رکھتے ہیں۔ اور ان کے KPI کی کامیاب تکمیل کی ساتھی ملازم کی کوششوں کو سراہتے ہیں۔ بہت سے ساتھیوں کو مہینے کے بہترین ملازم کا ایوارڈ دیا جا چکا ہے۔ ساتھیوں کو یادگاری اسناد اور گفٹ واؤچر بھی پیش کئے گئے۔

اعتراف

بورڈ آف ڈائریکٹرز آن ریکارڈ یہ بات کہتے ہیں کہ وہ اپنے گراں قدر گاہکوں، سپلائرز، کانٹریکٹرز اور سٹیک ہولڈرز کی مسلسل حمایت اور اعتماد کو قدر کی نگاہ سے دیکھتے ہیں۔ ہم ان کے تعاون اور مدد کی بھی قدر کرتے ہیں جس نے ہمیں اپنی کارکردگی کو بہتر بنانے اور چیلنجز سے نپٹنے کے لئے مدد فراہم کی ہے۔

بلاشبہ کمپنی کی کامیابیاں اس کے پرعزم ملازمین کی انتھک اور لگاتار کاوشوں کی مرہون منت ہیں۔ ان کی پیشہ ورانہ مہارت، کام کے ساتھ لگن اور بدترین حالات میں بھی بہترین کارکردگی دکھانے کی اہلیت نے کمپنی کو بدترین معاشی بدحالی کے عرصہ میں پرعزم رہنے میں مدد دی۔ کمپنی اپنے ملازمین کی مسلسل کاوشوں اور گراں قدر شراکت کے وجہ سے ہمیشہ شکرگزار رہے گی بورڈ آڈٹ، انسانی وسائل اور ایگزیکٹو کمیٹی کے اراکین کے متعدد گورننس معاملات میں انتظامیہ کی معاونت کے کردار کو بھی سراہتی ہے۔

ہم ٹیلی کام شعبہ کی کامیابی اور ترقی میں PTA کے مثبت اور اعلیٰ تعمیراتی کردار کی بھی قدر کرتے ہیں۔ اس کے علاوہ ہم پورے سال کے دوران ہماری ابائی کمپنی کی جانب سے مسلسل حمایت اور معاونت کے بھی شکر گزار رہیں۔ یہ حمایت بڑے چیلنجز سے نپٹنے اور انتظامیہ اور ملازمین کی حوصلہ افزائی کے لئے انتہائی اہم ہے۔

بورڈ آف ڈائریکٹرز کے لئے اور ان کی طرف سے

بابر علی سید
چیف ایگزیکٹو آفیسر

لاہور:
09 اپریل 2019

پیٹرن آف شیئر ہولڈنگ میں درج اجازت نامے کے علاوہ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فائننشیل آفیسر، چیف انٹرنل آڈیٹر، چیف آپریٹنگ آفیسر اور ان کے اہلیان یا نابالغان نے زیر جائزہ سال کے دوران حصص کی خرید و فروخت کے متعلق کوئی لین دین نہیں کیا ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل

31 دسمبر 2018ء کو اختتام پذیر سال کے لئے پاکستان سٹاک ایکسچینج کے لسٹنگ قواعد کے مطابق کارپوریٹ گورننس کے ضابطے کو کمپنی نے کلی طور پر اختیار کیا ہے اور اس پر من و عن عمل کیا ہے۔ اس کے حقائق کا بیان اس رپورٹ کے ساتھ منسلک ہے۔

تبدیلیاں

31 دسمبر 2018ء کو اختتام پذیر سال سے لے کر رپورٹ کی تاریخ تک کوئی تبدیلی نہیں دیکھی گئی بجائے اس کے جو اس سالانہ رپورٹ میں منکشف ہیں اور کمپنی نے کسی قسم کا معاہدہ نہیں کیا ہے جو کمپنی کی مالی حالت کو متاثر کرے بجائے اس کے کہ جو 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے کمپنی کی مالی اسٹیٹمنٹس میں بتائے گئے ہیں۔

قانونی تعمیل

سال کے دوران کمپنی نے تمام قوانین پر عمل کیا ہے، تمام ریٹرنز/ فارم جمع کروائے ہیں اور کمپنیز ایکٹ 2017 اور اس سے متعلق تمام ضوابط، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قواعد اور لسٹنگ ضروریات کے مطابق تمام متعلقہ تفصیلات فراہم کی ہیں۔

ضابطہ اخلاق

اندرونی معاملات اور گاہکوں، سپلائرز، ریگولیٹرز اور دیگر سٹیک ہولڈرز کے ساتھ معاملات میں اخلاقی اور اچھے رویے کو برقرار رکھنے کے لئے بورڈ نے طریقہ کار کے طور پر ایک ضابطہ اخلاق اختیار کیا ہے۔ بورڈ نے ضابطہ بشمول متعلقہ پالیسیوں اور طریقہ کار کو کمپنی میں لاگو کرنے کے لئے اقدامات کئے ہیں جب کہ ضابطہ ملازمین کے ویب پورٹل میں دستیاب ہے۔

متعلقہ پارٹی لین دین کی تفصیلات

بورڈ نے تمام لین دین کی تفصیلات کا جائزہ لیا ہے اور اس کی توثیق کی ہے۔ بورڈ نے متعلقہ پارٹی لین دین کی تفصیلات کے متعلق ایک پرائسنگ پالیسی منظور کی ہے۔ جیسا کے مالی اسٹیٹمنٹس کے مندرجات میں بحث کی گئی ہے۔

ویب کی موجودگی

کمپنی کے بارے میں تازہ ترین تفصیلات کمپنی کی ویب سائٹ: www.worldcall.com.pk سے حاصل کی جا سکتی ہیں۔ ویب سائٹ میں کمپنی کے تازہ ترین مالی نتائج بمع کمپنی کا پروفائل موجود ہے۔ اپنے گاہکوں کو سہولت فراہم کرنے کی غرض سے کمپنی کی اپنی کمرشل ویب سائٹ www.worldcall.net.pk بھی موجود ہے جس میں پراڈکٹ اور کمپنی کی جانب سے پیش کردہ خدمات کی تفصیل دستیاب ہے۔

ایگزیکٹو کمیٹی

ایگزیکٹو کمیٹی پانچ ارکان پر مشتمل ہے۔ کمیٹی اپنے ٹرمز آف ریفرنس کے تحت معاملات پر بحث کے لئے اجلاس بلاتی ہے۔ اس عرصے کے دوران کوئی بھی اجلاس نہیں بلایا گیا۔ ارکان کی تفصیل مندرجہ ذیل ہے:

کمیٹی کمپوزیشن	عہدہ
سید سلمان علی شاہ	چیئرمین
بابر علی سید	ممبر
محمد مرتضیٰ رضا	ممبر
محمد اظہر سعید	ممبر

کمپنی کا دائرہ کار میں نگرانی، بورڈ کی معاونت کے لئے کمپنی کی کارکردگی پر غور، کاروباری منصوبوں اور بجٹ کا جائزہ اور توثیق، بورڈ سے منظور شدہ کمپنی کی حکمت عملی پر نگران بننا، سرمایہ کاری کے تجاویز پر غور کرنا اور نگرانی کرنا، قلیل مدتی اور طویلی مدتی مالی آپشنز کی توثیق کے لئے معاونت کرنا، بورڈ کی جانب سے منظور شدہ انتظامی اور کنٹرول پر کام کی یقین دہانی اور ان پر تعمیل کی نگرانی شامل ہیں۔ کمپنی جب بورڈ کے ڈائریکٹرز موجود نہ ہوں تو بورڈ کی جانب سے فوری نوعیت کے معاملات اور دیگر معاملات جن کا بورڈ ذمہ دار ہے پر عمل داری کی ذمہ دار ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ہارورتھ حسین چودھری اینڈ کو، چارٹرڈ اکاؤنٹنٹس، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول جائزہ کے پروگرام اور بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق پر پورا اُترتے ہیں۔ اس ضابطہ اخلاق کے تحت جن کا اطلاق انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کرتی ہے آڈیٹرز کا درجہ تسلی بخش ہے۔

ہولڈنگ کمپنی

ورلڈ کال سروسز (پرائیوٹ) لمٹیڈ جو کہ ورلڈ کال ٹیلی کام لمٹیڈ کی ذیلی کمپنی ہے۔ ہولڈنگ کمپنی کے پاس ورلڈ کال ٹیلی کام کے 501,862,290 حصص موجود ہیں۔ ورلڈ کال سروسز (پرائیوٹ) لمٹیڈ پاکستان کے قانون کمپنیز ایکٹ 2017 کے تحت رجسٹرڈ ہے۔ اس کی بدولت پاکستان میں پے فون سسروسز اور کیومنیکیشن سروسز فراہم کی جاتی ہیں۔

چیئرمین کا جائزہ

چیئرمین کا جائزہ سال کے دوران کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر کو ظاہر کرتا ہے۔ کمپنی کے ڈائریکٹر جائزہ کے مندرجات کی توثیق کرتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2018ء کو کمپنی کا شیئر ہولڈنگ کے پیٹرن اور اس کا انکشاف کارپوریٹ گورننس کے ضابطہ اور آرڈیننس کے تحت رپورٹ کے ساتھ منسلک ہے۔

کمیٹی کمپوزیشن	عہدہ	حاضریوں کی تعداد
منصور علی	ممبر	5/5
حنا بابر	ممبر	5/5
عنصر اقبال چوہان	سیکرٹری	5/5

آڈٹ کمیٹی بورڈ سے منظور شدہ ٹرمز آف ریفرنس (TORs) کے مطابق کام کرتی ہے۔آڈٹ کمیٹی کے ٹرمز آف ریفرنس SECP سے جاری کردہ کارپوریٹ گورننس کے ضابطہ کے عین مطابق ہیں اور اس میں بہترین عملداری کی ضرورت ہے۔ بیرونی آڈیٹرز کے تقرر کی سفارشات، آڈٹ کے کام کی سمت اور نگرانی اور آڈٹ کے عمل کی اہلیت اور معیار کے لئے کمیٹی بورڈ کو جواب دہ ہے۔کمیٹی اندرونی آڈٹ ڈپارٹمنٹ جو خطرات سے بھرپور منصوبوں اور عمل داری کی یقین دہانی، قدر میں اضافہ کے لئے مشورے کی اسائنمنٹس اور کمپنی کے آپریشنز کی بہتری کے متعلق کارکردگی کی بھی نگرانی کرتی ہے۔مزید یہ کہ کمیٹی یقینی دہانی کراتی ہے کہ کمپنی کے پاس متاثر کن اندرونی کنٹرول کا فریم ورک ہے۔ان کنٹرول کے مقاصد میں اثاثہ جات کی حفاظت، قانون کے مطابق مناسب اکاؤنٹنگ ریکارڈ کی حفاظت، مالیاتی معلومات کی با

اعتباری کی یقین دہانی اور آپریشنز کی کارکردگی اور تاثر شامل ہیں۔

ہیومن ریسورسس اور مشاہرہ (HR & R) کمیٹی

ہیومن ریسورسس اور مشاہرہ (HR & R) کمیٹی چار ارکان پر مشتمل ہے۔ضرورت کے مطابق HR&R کمیٹی کا چیئرمین غیر ایگزیکٹو ڈائریکٹر ہے۔کمیٹی، کمیٹی کے ٹرمز آف ریفرنس میں بیان کردہ معاملات پر بحث کے لئے اجلاس بلاتی ہے۔HR & R کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

کمیٹی کمپوزیشن	عہدہ
منصور علی	چیئرمین
بابر علی سید	ممبر
محمد مرتضیٰ رضا	ممبر
محمد اظہر سعید	ممبر
فیصل احمد	ممبر

HR & R کمیٹی کمپنی کے ہیومن ریسورسس کی تشکیل کے جائزے کی ذمہ دار ہے اور کارپوریٹ گورننس کے ضابطہ کے مطابق ٹرمز آف ریفرنس میں درج ضروریات کے مطابق کام کرتی ہے۔ انسانی وسائل کی ترقی کے اہم شعبہ میں بہتری کے لئے یہ کمیٹی تشکیل دی گئی ہے۔اس کا مقصد بورڈ کو مشورہ دینا اور انتظامیہ کو انتظامی کارکردگی، HR سٹاف کی بھرتی، جرمانہ اور فوائد سے متعلق مارکیٹ میں موجود HR پالیسیوں کی بناوٹ کے بارے میں آگاہ کرنا ہے۔انتخاب، اندازے اور CEO ،COO ،CFO، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کے مشاہرے کا بھی جائزہ لیا جائے گا اور کمیٹی کی جانب سے بورڈ کو سفارش کی جائے گی۔

☆ بورڈ کے اجلاس میں شریک نہ ہونے والے ارکان کو غیر حاضری کی رخصت دی گئی۔

☆ مالیاتی اسٹیٹمنٹس میں 7 غیر ایگزیکٹو ڈائریکٹروں کی ایڈوائزری فیس کی مجموعی رقم 6.0 ملین روپے (2017: 4.9 ملین روپے) تھی۔ مالیاتی اسٹیٹمنٹس میں ڈائریکٹرز کو جاری کی جانے والی رقم سال کے دوران اجلاس/ ایڈوائزری فیس کی مد میں بورڈ یا دوسرے اجلاسوں میں شرکت کے لئے 4.4 ملین روپے (2017: 1.3 ملین روپے) کی رقم جاری کی گئی جو مالیاتی اسٹیٹمنٹس میں درج ہے۔ جو کہ معاوضہ کا حصہ نہیں ہے۔

ڈائریکٹرز کی ٹریننگ

ہمارے تین ڈائریکٹرز، محمد اظہر سعید (سی ایف او)، جناب محمد مرتضیٰ رضا (ڈائریکٹر) اور منصور علی (ڈائریکٹر) نے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقرر کردہ سرٹیفکیٹ حاصل کیے ہیں. ایک ڈائریکٹر (ڈی ٹی پی) سے مستثنیٰ ہے۔ اس کے پاس کم از کم 14 سال کی تعلیم ہے اور لسٹڈ کمپنیز کے بورڈ پر 15 سال سے زائد کا تجربہ ہے، اور اس وجہ سے ڈائریکٹر ٹریننگ پروگرام سے مستثنیٰ ہے۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل کمیٹیوں کی تشکیلِ نو قائم کیں ہیں:

☆ آڈٹ کمیٹی

☆ ہیومن ریسورس اور ریمونیریشن کمیٹی

☆ ایگزیکٹو کمیٹی

ان کمیٹیوں کے ذریعے بورڈ کاروبار کے اہم شعبوں اور CEO کی کارکردگی پر فعال نگرانی رکھے ہوئے ہے۔ بورڈ مسلسل ان کمیٹیوں سے متعلق چارٹر/حوالہ جات کی شرائط (TORs) پر نظر رکھے ہوئے ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی 4 غیر ایگزیکٹو ارکان پر مشتمل ہے۔ کمیٹی کا چیئرمین غیر ایگزیکٹو ڈائریکٹر اور وائس چیئرمین آزاد ڈائریکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کے 5 اجلاس بلائے گئے۔ مالیات کے جائزے کے لئے بورڈ آف ڈائریکٹر کے اجلاس کے ہر انعقاد کے ساتھ آڈٹ کمیٹی کا اجلاس بلایا گیا۔ ان اجلاسوں میں 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے آڈٹ کی تکمیل سے پہلے اور بعد بیرونی آڈیٹرز کے اجلاس اور CCG کی ضروریات کے مطابق قانونی اجلاس بھی شامل ہیں۔ آڈٹ کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

آڈٹ کمیٹی کی انتظامیہ		
کمیٹی کمپوزیشن	عہدہ	حاضریوں کی تعداد
فیصل احمد	چیئرمین	5/5
محمد مرتضیٰ رضا	ممبر	4/5

☆ مالیاتی اسٹیٹمنٹس کی تیاری کے لئے بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈ (IFRS) جس کا اطلاق پاکستان میں ہوتا ہے، کو مدنظر رکھا گیا ہے۔

☆ اندرونی کنٹرول بہت اعلیٰ ہے اور اس پر مؤثر طریقے سے عمل درآمد اور نگرانی ہو رہی ہے۔

☆ کارپوریٹ گورننس کی بہترین عمل داری کوئی ابہام نہیں جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

☆ گذشتہ (6) چھے سالوں کا آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ میں بیان کیا گیا ہے۔

☆ 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے واجب الادا ٹیکس اور لیوی/ ڈیفالٹ کی معلومات مالیاتی اسٹیٹمنٹس کے Notes میں بیان کی گئی ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ 7 ڈائریکٹرز پر مشتمل ہے۔ تمام ڈائریکٹرز بورڈ میں اپنا بھرپور تجربہ استعمال کرتے ہیں تاکہ کمپنی اور سٹیک ہولڈرز کی دلچسپی کو ملحوظ خاطر رکھا جائے۔ کارپوریٹ گورننس کے ضابطہ میں بیان کردہ معیار کے مطابق ان میں سے ایک ڈائریکٹر آزاد ہے۔

زیر جائزہ سال کے دوران، 01 جنوری 2018ء سے 31 دسمبر 2018ء تک بورڈ آف ڈائریکٹرز کے (05) اجلاس منعقد ہوئے۔ بورڈ کے اراکین کی حاضریاں مندرجہ ذیل ہیں۔

بورڈ کی انتظامیہ	
بورڈ کمپوزیشن	**حاضریوں کی تعداد**
ایگزیکٹو ڈائریکٹرز	
بابر علی سید	5/5
محمد اظہر سعید	5/5
نان ایگزیکٹو ڈائریکٹرز	
محمد مرتضیٰ رضا	4/5
فیصل احمد	5/5
منصور علی	5/5
حنا بابر	5/5
آزاد ڈائریکٹر	
سید سلمان علی شاہ	5/5

ڈیوڈینڈ

کیش فلو حالات اور توسیع کے منصوبوں پر غور و خوص کے بعد ڈائیریکٹرز نے اس سال کے لئے کسی بھی الاونس ادائیگی یا بونس شیئرز کی سفارش نہیں کی ہے۔

فی حصص آمدنی

کمپنی نے انفرادی طور پر فی حصص 0.18 روپے کا نقصان حاصل کیا اور مجموعی طور پر فی حصص نقصان کا تخمینہ 0.18 کی روپے رہا۔

مستقبل کا نقطۂ نظر اور توقعات

کمپنی اپنے اثاثوں کے مکمل استعمال کے لئے پُرعزم ہے اور آنے والی چوتھائیوں میں جارحانہ ترقی کو نشانہ بنائے ہوئے ہے۔ ابھی تک براڈ بینڈ سیگمنٹ کے لئے 1.2 ملین زائد صارفین تک رسائی مکمل کر لی گئی ہے۔ ڈیجیٹیل بکسوں کی فراہمی کیلئے دو معروف گلوبل وینڈرز کے ساتھ معاہدے موجود ہیں جبکہ دو ممکنہ DTH لائسنس ہولڈرز کے ساتھ بات چیت زیر غور ہے جس کی بدولت Digitilization کے نئے دور کا آغاز ہوگا۔ اس کے علاوہ ہم فائبر ٹو ہوم (ایف ٹی ٹی ایچ) کا انقریب افتتاح کر رہے ہیں جس کے لئے معاہدے طے پا چکے ہیں۔ LDI بزنس کے لئے کمپنی ایک جدید سوئچ کے حصول کر چکی ہے۔ جبکہ ہائی سپیڈ انٹرنیٹ کی فراہمی کے لئے ٹیکنالوجی ایٹ ورک کے ساتھ معاہدہ طے پا چکا ہے۔

ICT کی دنیا میں کمپنی نے قدم رکھ دیا ہے۔ اور حصول روڈ 1 ڈیجٹیل اس کی ایک مثال ہے جو کہ کمپنی ایک نئے جوش اور ولولے سے لے کر چلنا چاہتی ہے۔

آڈیٹر کی رپورٹ

31 دسمبر 2018ء کو اختتام پذیر سال کے لئے بیرونی آڈیٹرز نے کمپنی کی علیحدہ مالی اسٹیٹمنٹس پر اپنی unqualified رائے کا اظہار کیا ہے۔ انہوں نے اس معاملے پر زور دیا ہے کہ کمپنی نے 31 دسمبر 2018ء کو اختتام پذیر سال کے دوران 13,162 ملین روپے کا خسارہ برداشت کیا ہے۔ اور موجودہ قرضے اس کے موجودہ اثاثوں سے 5,574 ملین روپے سے بڑھ گئے ہیں۔ یہ حالات بمع دیگر معاملات جو نوٹ 2.2 میں درج ہیں، مادی غیر یقینی کی صورت حال کو ظاہر کرتے ہیں جو کمپنی کے کاروبار کو جاری رکھنے کی اہلیت کو شک میں ڈال دیتی ہے۔

تاہم کمپنی کی انتظامیہ کو یقین ہے کہ کمپنی کا کاروبار جاری رہے گا۔ اور کاروبار کو جاری رکھنے کی توقعات مناسب ہیں جو مالیاتی اسٹیٹمنٹس کو تیار کرنے کے لئے استعمال ہوئی ہیں جو کہ نوٹ 2.2 میں بیان کی گئی ہیں۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک پر بیان

اسٹاک ایکسچینج کے لسٹنگ قواعد کے قوانین کے مطابق بورڈ کے اراکین مندرجہ ذیل تفصیلات بیان کرنے پر فخر محسوس کرتے ہیں:

- ☆ 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس اپنے دائرہ کار، اس کے کام کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر بیان کرتی ہیں۔
- ☆ کھاتہ داری کی کتابیں مناسب طریقے سے برقرار رکھی گئی ہیں۔
- ☆ 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ اور اکاؤنٹنگ تخمینے مناسب اور قابل فیصلوں کو مدنظر رکھ کر لگائے گئے ہیں۔

کمپنی نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے 447 ملین روپے کے خالص منافع کا اعلان کیا ہے۔ جبکہ اس کے مقابلے میں 2017 میں 102,6 ملین روپے کے خالص منافع کو رپورٹ کیا تھا۔ بنیادی طور پر اس کی وجہ دیگر آمدنی میں کمی ہے۔ سالِ زیرِ غور میں دیگر آمدنی میں 718 ملین روپے (Liabilities writeback) کی مد میں ریکارڈ کی گئی جبکہ پچھلے سال یہ آمدنی 7,965 ملین روپے تھی۔

اس کے علاوہ، کمپنی کی پیش رفت قابل اطمینان ہے۔ مالیاتی سال 2018 کی سالانہ آمدنی 4،358 ملین روپے رہی جو کہ 2017 کی آمدن کے مقابلے میں 88 فیصد زیادہ ہے۔

کمپنی اپنے اثاثوں کے مکمل استعمال کے لئے پُرعزم ہے۔ LDI کاروبار کی کارکردگی قابل ذکر ہے۔ ڈالر کے اُتار چڑھاؤ کی بدولت 58 فیصد آمدن میں اضافہ ریکارڈ کیا گیا جس میں بین الاقوامی (Minutes) کے لحاظ سے ٹریفک بہاؤ 954 ملین تک جا پہنچا۔ یہ بہاؤ گزشتہ سال 1.3 ارب تھا۔ اس چیز کو مدِنظر رکھتے ہوئے کمپنی مسلسل LDI بزنس میں سرمایہ کاری کر رہی ہے جس سے مقصود آمدن میں اضافہ ہے۔

براڈ بینڈ کے کاروبار میں بہتری آئی ہے اور حالیہ سال کے دوران 1,899 ملین روپے کی آمدنی ریکارڈ کی گئی ہے۔ اعلیٰ کوالٹی سروس اور نیٹ ورک بیس کو بڑھانے کی جدوجہد اب کارآمد ثابت ہوئی ہے۔

ڈیٹا کی ڈیمانڈ ابھی بھی موجود ہے۔ اور پہلے سے زیادہ تیزی سے بڑھ رہی ہے۔ ملک بھر میں بہت بڑے کیئریر نیٹ ورک کے ساتھ گھریلو اور کاروباری اداروں کو معیاری خدمات پیش کرنے میں ورلڈ کال ٹیلی کام لمیٹڈ کو نسبتاً فائدہ ہے۔ مختصر یہ کہ کمپنی کے پاس وہ تمام ذرائع موجود ہیں جس سے مارکیٹ شیئر میں اضافہ کیا جا سکتا ہے۔

آمدنی میں اضافے کے مقابلے میں کمپنی اس کی براہ راست اخراجات کو برقرار رکھنے میں کامیاب رہی ہے۔ آپریشنوں کو بڑھانے کے لئے کئی اقدام کئے گئے ہیں جن میں قابل لوگوں کی مشاورت اور شراکت داری کو یقینی بنانا ہے۔ اس کے علاوہ سال 2018 کے دوران فکس ایسٹس کو ری ویلیو کیا گیا ہے جس کی مد میں 1,341 ملین روپے Revaluation Surplus ریکارڈ کیا گیا ہے جس کی بدولت ڈیپریسیشن اور اموریٹزیشن اخراجات میں اضافہ ہوا ہے۔

کمپنی کے پچھلے سپانسرز کی رخصتی کے بعد کمپنی نے ایک اہم تبدیلی کی ہے۔ لاگت کی بحالی کو متاثر کیا گیا ہے جس کی وجہ سے آپریٹنگ اور فنانس کی لاگت میں ٹھوس کمی کی گئی ہے۔ ٹرم فنانس سرٹیفکیٹ 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 مدتِ ادائیگی بھی بڑھائی گئی ہے جو کہ اب 12 ماہ کے بعد کی جائے گی۔

ورلڈ کال ٹیلی کام لمیٹڈ - مجموعی مالی اسٹیٹمنٹ

مجموعی مالی اسٹیٹمنٹ ورلڈ کال ٹیلی کام لمیٹڈ (پیرنٹ کمپنی) اور روڈ 1 ڈیجیٹل (پرائیوٹ) لمیٹڈ (ماتحت کمپنی) کے مالی نتائج پر مشتمل ہیں۔ روڈ 1 ڈیجیٹل ایک نجی کمپنی ہے جو 21 دسمبر، 2016 کو کمپنیز آرڈیننس، 1984 (جو کہ اب کمپنیز ایکٹ، 2017 ہے) انکارپوریٹ ہوئی)۔ اس کا بنیادی کاروبار تمام نقل وحمل کی خدمات، کسی دوسرے یا دوسروں کے ساتھ موٹر گاڑی کی نقل وحمل کا اشتراک، اور انفارمیشن ٹیکنالوجی کے میدان میں، سافٹ ویئر کی ترقی اور تمام سرگرمیوں کی مدد سے متعلق ہے۔ اس کا رجسٹرڈ آفس سیکنڈ فلور، 300 وائے بلاک، فیز۔III، ڈیفینس ہاؤسنگ اتھارٹی، لاہور کینٹ پر واقع ہے۔ جبکہ کاروبار کا اہم مقام 20، طارق بلاک، نیوگارڈن ٹاؤن، لاہور پر واقع ہے۔ گروپ نے اس ماتحت ادارے کا کنٹرول 20 اپریل 2018 کو سال کے دوران حاصل کیا۔

ڈائریکٹرز رپورٹ

31 دسمبر 2018ء کو اختتام پذیر سال کے لئے

معزز شیئر ہولڈرز

ہم کمپنی کے 31 دسمبر 2018 کے سالانہ آڈٹ کردہ علیحدہ اور مجموعی مالیاتی کارکردگی کا جائزہ پیش کرنے میں فخر محسوس کرتے ہیں۔

اقتصادی جائزہ

پاکستان کی معیشت بڑھتی ہوئی ترقی اور استحکام کے مضبوط اشارے دکھاتی ہے۔ معاشی ترقی کے لئے مستقبل قریب میں بہتر توانائی، چین پاکستان اقتصادی راہداری اور زراعت میں مسلسل سرمایہ کاری مثبت اشارے دیتی ہے۔

پاکستان اور چین سرحد پار فائبر آپٹک منصوبوں (خنجیراب - راولپنڈی) پر عملدرآمد کر رہے ہیں، جس میں 820 کلومیٹر طویل کیبل کا بچھانا آخری مراحل میں ہے۔ یہ منصوبہ ملک کے شمالی حصوں میں ترقی کے ساتھ ساتھ پاکستان کو یورپ - ایشیا کے تیریسٹریل کیبل نیٹ ورک کے ساتھ منسلک کرنے میں بھی کارآمد ہوگا۔ اس کے علاوہ ڈیجیٹل ٹیلی وژن ملٹی بینڈ براڈ کاسٹ (ڈی ٹی ایم بی) کے ایک پائلٹ منصوبے کو بھی سی پیک کے تحت مکمل کر لیا گیا ہے۔

مالیاتی کارکردگی کا جائزہ

ورلڈ کال ٹیلی کام لمیٹڈ کے مالیاتی گوشوارے میں کمپنی کے علیحدہ معاشی بیانئے اور اس کے ساتھ ساتھ مجموعی مالیاتی گوشوارے شامل ہیں۔

ورلڈ کال ٹیلی کام لمیٹڈ - علیحدہ معاشی بیانئے

31 دسمبر 2018 کو ختم ہونے والے مالی سال کا خلاصہ مندرجہ ذیل ہے:

31 دسمبر 2018	31 دسمبر 2017	PARTICULARS
روپے ملین میں '000'		
4,358	2,322	آمدنی
(3,031)	(1,934)	براہ راست لاگت (استحصال اور اموریت کے بغیر)
1,573	8,145	دیگر آمدنی
1,930	7,660	EBITDA
(1,126)	(1,067)	ڈیپریسیشن اینڈ امورٹائزیشن
(233)	(348)	فنانس کی لاگت
447	6,102	ٹیکس کے بعد منافع/(نقصان)

SIX YEAR FINANCIAL PERFORMANCE INCOME STATEMENTS

	Dec'18	Dec'17	Dec'16	Dec'15	Dec'14	Dec'13
			-Rupees in Thousands-			
Revenue - net	4,358,373	2,321,750	1,819,706	2,191,552	2,314,753	3,187,636
Direct cost excluding depreciation and amortization	(3,030,939)	(1,947,727)	(1,848,172)	(2,992,674)	(1,956,859)	(2,665,057)
Operating cost	(725,928)	(615,280)	(641,925)	(1,488,488)	(1,203,516)	(1,488,384)
Other income	1,573,111	8,145,200	192,335	259,319	490,489	85,145
Other expenses	(244,749)	(243,767)	(286,743)	(314,443)	(66,945)	(520,199)
Profit / (Loss) before Interest, Taxation, Depreciation and Amotization	1,929,868	7,660,176	(764,799)	(2,344,734)	(422,078)	(1,400,859)
Depreciation and amortization	(1,126,175)	(1,067,169)	(1,232,683)	(1,433,708)	(1,483,653)	(1,459,242)
Impairment loss on available for sale financial asset	-	-	-	(4,240,451)	-	(19,656)
Finance cost	(233,493)	(347,694)	(566,329)	(677,792)	(1,408,248)	(636,182)
Profit / (Loss) before Taxation	570,200	6,245,313	(2,563,811)	(8,696,685)	(3,313,979)	(3,515,939)
Taxation	(123,305)	(143,553)	1,299,074	(1,936,202)	516,765	1,214,359
Net Profit / (Loss) for the Year	446,895	6,101,760	(1,264,737)	(10,632,887)	(2,797,214)	(2,301,580)
Earnings / (Loss) per share - basic (Rupees)	(0.18)	6.18	(1.72)	(12.79)	(3.30)	(2.78)
Earnings / (Loss) per share - diluted (Rupees)	(0.18)	1.86	(1.72)	(12.79)	(3.30)	(2.78)

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

a. Male: 6
b. Female: 1

2. The composition of board is as follows: -

Category	Names
Independent Director	Dr. Syed Salman Ali Shah
Executive Directors	Mr. Babar Ali Syed (CEO) Mr. Muhammad Azhar Saeed, FCA (CFO)
Non- Executive Directors	Mr. Muhammad Murtaza Raza Mr. Faisal Ahmed Mr. Mansoor Ali Mrs. Hina Babar

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

- Muhammad Murtaza Raza
- Muhammad Azhar Saeed
- Mansoor Ali

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a. **Executive Committee (Name of members and Chairman)**

- Dr. Syed Salman Ali Shah (Chairman)
- Babar Ali Syed (Chief Executive Officer)
- Muhammad Murtaza Raza
- Muhammad Azhar Saeed

b. **Audit Committee (Name of members and Chairman)**

- Faisal Ahmed (Chairman)
- Muhammad Murtaza Raza
- Mansoor Ali
- Hina Babar
- Anser Iqbal (Secretary)

c. **HR and Remuneration Committee (Name of members and Chairman)**

- Mansoor Ali (Chairman)
- Babar Ali Syed (Chief Executive Officer)
- Muhammad Murtaza Raza
- Muhammad Azhar Saeed
- Faisal Ahmed

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a. Executive Committee:	On required basis
b. Audit Committee:	Quarterly
c. HR and Remuneration Committee:	On required basis

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Syed Salman Ali Shah
Chairman, Board of Directors
WorldCall Telecom Limited

Lahore, April 9, 2019

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations'') prepared by the Board of Directors of Worldcall Telecom Limited ("the Company") for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

a) There is no independent director in Audit Committee.

b) The Chairman of the Audit Committee is not an independent director.

c) The Board of Directors is in the process of formulating a mechanism for annual evaluation of its own performance, members of board and of its committees. Annual evaluation of board, members of board and of its committees has not been conducted during the year.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2018.

Horwath Hussain Chaudhury & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Amin Ali)

Lahore
Dated: April 09, 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **WorldCall Telecom Limited (the Company),** which comprise the statement of financial position as at December 31, 2018 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the accompanying financial statements, which indicates that the Company has earned profit after taxation of Rs. 446.89 million during the year ended December 31, 2018 which includes the impact of write back of liabilities for Rs. 718.39 million. As of that date, the Company has accumulated losses of Rs. 13,162.38million and its current liabilities exceeded its current assets by Rs. 5,573.84 million. These conditions, along with others set forth in note 21 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the Key audit matters:

Key Audit Matters	How the matter was addressed in our report
1. Preparation and presentation of financial statements under the Companies Act, 2017	
The fourth schedule of the Companies Act, 2017 (the Act) became applicable for the first time for the preparation and presentation of the Company's annual financial statements for the year ended December 31, 2018 as referred to in note 2.4.1 to the accompanying financial statements. The Act forms an integral part of the statutory financial reporting framework as applicable in Pakistan and further prescribes nature and content of disclosures in relation to various elements of financial statements. Due to the first time applicability and enhanced disclosures we consider it as a key audit matter.	Our audit procedures included the following: • We identified the procedures applied by the management for identification of changes required by the Companies Act, 2017. • We assessed the adequacy and sufficiency of disclosures provided by the management in accordance with the new reporting requirements as required by the Companies Act, 2017. • We evaluated the sources of information used by the management for the preparation of additional disclosures.

2. Contingencies	
There are a number of threatened and actual legal, regulatory and tax cases against the Company. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter.	Our key audit procedures included: • Discussing the process of identifying and recording contingencies in the financial statements with the management • Obtaining and reviewing external confirmations from Company's legal counsels and tax advisors for their views on case status • Discussing with the Company's in-house tax experts to assess and validate management's conclusion • Held discussion with Company's legal counsels to assess adequacy of disclosures in the financial statements
3. Revenue Recognition	
There is an inherent risk around the accuracy and completeness of revenue recorded because of the complex billing system that involves processing a large volume of data making it inherent industry risk. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over underlying accuracy of billing systems and presumed risk of fraud.	Our audit procedures included: • Testing of controls assisted by our IT specialists • Authorization of slab rates and reports • Inputs of records into billing system and recalculation of amounts billed to customers • Performed tests on the accuracy of customer bill generation process on a sample basis • Performed substantive analytical procedures over the significant revenue streams by developing an expectation based on rates, disconnections and installations • Tested a sample of bills and checked these to supporting documents

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Horwath Hussain Chaudhury & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: April 09, 2019

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	2018	2017	2016
		-----------(Rupees in '000)-----------		
SHARE CAPITAL AND RESERVES			(Restated)	(Restated)
Authorized share capital:				
1,500,000,000 (2017: 1,500,000,000) ordinary shares of Rs. 10 each		15,000,000	15,000,000	15,000,000
500,000 (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	6	10,835,944	9,950,546	8,605,716
Preference share capital	7	2,585,646	3,150,236	3,537,700
Dividend on preference shares	8	949,662	900,687	743,255
Capital reserves	9	606,776	285,911	1,053,545
Accumulated loss		(13,162,382)	(13,027,326)	(18,755,400)
Surplus on revaluation of fixed assets	10	1,466,342	605,249	697,849
		3,281,988	1,865,303	(4,117,335)
NON-CURRENT LIABILITIES				
Term finance certificates	11	1,583,763	-	-
Long term financing	12	13,893	43,996	42,887
Sponsor's loan	13	1,255,931	675,893	-
License fee payable	14	1,021,500	1,021,500	1,021,500
Post employment benefits	15	241,020	253,213	274,930
Long term deposit	16	93,580	105,000	-
		4,209,687	2,099,602	1,339,317
CURRENT LIABILITIES				
Trade and other payables	17	6,984,430	7,419,518	11,789,151
Unearned revenue		73,903	134,893	158,489
Accrued mark up	18	122,184	540,671	384,092
Current portion of non-current liabilities	19	164,740	1,605,672	5,247,019
Short term borrowings	20	701,558	563,936	960,677
Unclaimed dividend		1,807	1,807	1,807
Provision for taxation - net		276,322	177,015	-
		8,324,944	10,443,512	18,541,235
Contingencies and Commitments	21	-	-	-
TOTAL EQUITY AND LIABILITIES		15,816,619	14,408,417	15,763,217
NON-CURRENT ASSETS				
Property, plant and equipment	22	8,276,110	6,924,723	8,076,299
Intangible assets	23	2,306,651	2,697,636	3,088,720
Investment properties	24	50,210	45,800	38,520
Long term investment	25	50,000	-	-
Long term trade receivable	26	54,578	65,240	77,061
Deferred taxation	27	2,281,289	2,661,372	2,531,937
Long term loans	28	-	2,890	3,211
Long term deposits	29	46,677	45,511	32,641
		13,065,515	12,443,172	13,848,389
CURRENT ASSETS				
Stores and spares	30	60,661	76,291	91,373
Stock-in-trade	31	204,777	67,258	67,290
Trade debts	32	1,674,557	1,075,745	761,262
Loans and advances	33	203,356	171,711	141,389
Deposits and prepayments	34	473,500	443,801	431,819
Short term investments	35	38,115	58,961	150,799
Other receivables	36	88,880	49,258	119,486
Income tax recoverable - net		-	-	31,440
Cash and bank balances	37	7,258	22,220	119,970
		2,751,104	1,965,245	1,914,828
TOTAL ASSETS		15,816,619	14,408,417	15,763,217

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Revenue - net	38	4,358,373	2,321,750
Direct costs excluding depreciation and amortization	39	(3,030,939)	(1,947,727)
Operating costs	40	(725,928)	(615,280)
Other income	41	1,573,111	8,145,200
Other expenses	42	(244,749)	(243,767)
Profit before Interest, Taxation, Depreciation and Amortization		1,929,868	7,660,176
Depreciation and amortization	43	(1,126,175)	(1,067,169)
Finance cost	44	(233,493)	(347,694)
Profit before Taxation		570,200	6,245,313
Taxation	45	(123,305)	(143,553)
Net Profit for the Year		446,895	6,101,760
(Loss) / Earnings per share - basic (Rupees)	46	(0.18)	6.18
(Loss) / Earnings per share - diluted (Rupees)	46	(0.18)	1.86

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	--------------(Rupees in '000)-------------	
Net Profit for the Year	446,895	6,101,760
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	3,885	(27,284)
- Surplus on revaluation of fixed assets - net of tax	965,383	-
Item that may be subsequently reclassified to profit or loss:		
- Changes in fair value of available-for-sale financial assets	(20,846)	(91,838)
Other Comprehensive Income / (Loss) - net of tax	948,422	(119,122)
Total Comprehensive Income for the Year - net of tax	1,395,317	5,982,638

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves					Surplus on Revaluation of Fixed Assets	Revenue Reserve (Accumulated Loss)	Total
				Share Premium	Discount on Issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)										
Balance as at December 31, 2016 as previously reported	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	1,053,545	-	(18,755,400)	(4,815,184)
Effect of restatement (Note 5)	-	-	-	-	-	-	-	-	697,849	-	697,849
Balance as at December 31, 2016 as restated	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	1,053,545	697,849	(18,755,400)	(4,117,335)
Net profit for the year	-	-	-	-	-	-	-	-	-	6,101,760	6,101,760
Other comprehensive loss for the year - net of tax	-	-	-	-	-	(91,838)	-	(91,838)	-	(27,284)	(119,122)
Total comprehensive income for the year - net of tax	-	-	-	-	-	(91,838)	-	(91,838)	-	6,074,476	5,982,638
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(92,600)	92,600	-
Exchange translation reserve	-	-	-	-	-	-	180,302	180,302	-	(180,302)	-
Conversion of preference shares and dividend thereon	2,605,442	(387,464)	(101,268)	(837,335)	-	-	(18,763)	(856,098)	-	-	1,260,612
Discount on issuance of ordinary shares	(1,260,612)				-			-	-		(1,260,612)
Dividend on preference shares for the year	-	-	258,700	-	-	-	-	-	-	(258,700)	-
Total transactions with owners, recognized directly in equity	1,344,830	(387,464)	157,432	(837,335)	-	-	161,539	(675,796)	-	(439,002)	-
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303
Balance as at December 31, 2017 as previously reported	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	(974,701)	-	(13,027,326)	1,260,054
Effect of restatement (Note 5 and 6)	(1,260,612)	-	-	-	1,260,612	-	-	1,260,612	605,249	-	605,249
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303
Net profit for the year	-	-	-	-	-	-	-	-	-	446,895	446,895
Other comprehensive income for the year - net of tax	-	-	-	-	-	(20,846)	-	(20,846)	965,383	3,885	948,422
Total comprehensive income for the year - net of tax	-	-	-	-	-	(20,846)	-	(20,846)	965,383	450,780	1,395,317
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(125,658)	125,658	-
Effect of change in tax rates	-	-	-	-	-	-	-	-	21,368	-	21,368
Exchange translation reserve	-	-	-	-	-	-	463,790	463,790	-	(463,790)	-
Conversion of preference shares and dividend thereon	6,848,062	(564,590)	(198,729)	-	-	-	(122,079)	(122,079)	-	-	5,962,664
Discount on issuance of ordinary shares	(5,962,664)	-	-	-	-	-	-	-	-	-	(5,962,664)
Dividend on preference shares for the year	-	-	247,704	-	-	-	-	-	-	(247,704)	-
Total transactions with owners, recognized directly in equity	885,398	(564,590)	48,975	-	-	-	341,711	341,711	-	(711,494)	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	-	-	(26,774)	633,550	606,776	1,466,342	(13,162,382)	3,281,988

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		--------------(Rupees in '000)--------------	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	47	(381,820)	(13,781)
(Increase) / Decrease in non-current assets:			
- Long term loans		2,890	321
- Long term deposits		(1,166)	(12,870)
- Long term trade receivables		30,659	29,839
		32,383	17,290
Cash (used in) / generated from operations		(349,437)	3,509
Post employment benefits paid		(48,205)	(100,051)
Finance cost paid		(51,763)	(104,496)
Income tax paid		(58,753)	(53,923)
Net Cash Used in Operating Activities		(508,158)	(254,961)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(96,554)	(116,923)
Intangible assets purchased		-	(1,750)
Dividend income		33	-
Investment in subsidiary		(5,000)	-
Income on deposit and savings accounts		17,913	18,130
Proceeds from disposal of property, plant and equipment		34,895	3,396
Net Cash Used in Investing Activities		(48,713)	(97,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(200,000)	-
Repayment of long term financing		(83,931)	(108,629)
Sponsor's loan		688,218	342,137
Short term borrowings - net		137,622	22,459
Repayment of liabilities against assets subject to finance lease		-	(1,609)
Net Cash Generated from Financing Activities		541,909	254,358
Net Decrease in Cash and Cash Equivalents		(14,962)	(97,750)
Cash and cash equivalents at the beginning of the year		22,220	119,970
Cash and Cash Equivalents at the End of the Year	37	7,258	22,220

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1
The Company and its Operations

1.1 Worldcall Telecom Limited ("the Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on 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 cum principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 27.79% (2017: 44.76%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 53.27% (2017: 52.13%) (refer to note 4.28.1)

1.2 Geographical location and address of all business units of the Company are as follows:

Sr. No.	Business unit	Address
1	Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
2		Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
3	Regional offices	Office # 302,303,304,318,319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
4		Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi
5		41 N, Gulberg II, Lahore
6		Y-194/1, Commercial Phase-III, DHA, Lahore
7		Ali Tower 105-BII,MM Alam Road, Lahore
8		Shop # 35,34, J-I Market, WAPDA Town, Lahore
9		CSC Cantt Shop # 02 Ground floor Cantt Board Plaza,Tufail Road, Lahore Cantt.
10		House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar
11		
12	Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
13		Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi
14		Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta
15	Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi
16		Plot # 33, Maqboolabad Cooperating Housing Society, Karachi
17		Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore
18		P-1410-11-B People's Colony-1, Faisalabad
19		Plot # 321, St # 04, Sector I-9/3, Islamabad
20		Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan
21		Mukarram Plaza, plot # 591-592-B, Main Market Model Town, Gujranwala

1.3 **Significant Transactions and Events affecting the Company's Financial Position and Performance**

- The Company revalued its fixed assets comprising plant and equipment resulting in revaluation surplus of Rs. 1,341 million (Refer to note 22)

- 56,100 convertible preference shares and accumulated preference dividend thereon amounting to Rs. 198.729 million have been converted into ordinary shares in accordance with the agreed terms and conditions (Refer to note 6.1).

- The Company has started a new business to provide IT solution services and has earned revenue of Rs. 5,036,325 from this business arm.

- TFCs were restructured under which revised installment plan was agreed and certain accrued markup was also agreed to be deferred (Refer to note 11).

- An amount of USD 1 million has been received from M/s Ferret Consulting F.Z.C. to meet working capital requirements of the Company (Refer to note 20.2).

- The Company has disposed off major portion of its infrastructure pertaining to WLL having Nil net book value (Refer to note 22)

- The Company has earned revenue of Rs. 720 million by leasing out IRU of its optic fiber to a party on reciprocal basis.

- The Company has acquired 100% shares of Route 1 Digital (Private) Limited for a total consideration of Rs. 50 million (refer to note 25)

- The Company has recorded a reversal of provision for obsolescence of stock in trade for an amount of Rs. 201.608 million (Refer to note 31)

- The Company has written back certain liabilities amounting to Rs. 718.393 million (Refer to note 41)

- Owing to the first time application of the Companies Act, 2017 certain amounts reported during the previous periods are restated. For detailed information please refer note 5 and note 54.

For a detailed discussion about the Company's performance please refer to the Directors' report.

Note 2
Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The financial statements provide comparative information in respect of the previous year. 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 mainly due to impact of changes required by the Companies Act, 2017 as reflected in Note 5 and 54 to these financial statements.

These financial statements are the separate financial statements of the Company in which investment in subsidiary is reported on the basis of cost less impairment losses, if any.

2.2 Going concern assumption

The Company has earned a profit after taxation of Rs. 446.89 million during the year ended December 31, 2018 (2017: profit after taxation of Rs. 6,101.76 million) which includes the impact of write back of liabilities for Rs. 718.39 million (2017: Rs. 7,964.73 million). As at December 31, 2018, the accumulated loss of the Company stands at Rs. 13,162.38 million (December 31, 2017: Rs. 13,027.33 million) and its current liabilities exceed its current assets by Rs. 5,573.84 million (December 31, 2017: Rs. 8,478.27 million). These conditions, along with the factors discussed in note 21, 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 the following factors:

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.57 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings (Principal+Markup) - (note 20)	2.2.2.1	745
Pakistan Telecommunication Authority (PTA) - (note 17)	2.2.2.2	2,293
Claims of Parties Challenged	2.2.2.3	1,350
Regularly revolving creditors	2.2.2.4	856
		5,244

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

2.2.2.1 The Company has been successful in obtaining renewals of its short term financing facilities from all major banks except two facilities and markup servicing is also being improved (note 20).

2.2.2.2 Liabilities towards PTA stand at approximately Rs. 2.29 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.2.2.3 This amount represents the amounts owed 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.

2.2.2.4 The amount payable to creditors amounting Rs.856.27 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.2.3 Continued Support from a Majority Shareholder

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

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest thousand of Pak Rupees, unless otherwise stated.

2.4 Adoption of new and revised standards, amendments and interpretations:

2.4.1 New and amended standards and interpretations to published approved accounting standards that are effective in the current year:

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2017 and are considered to be relevant to the Company's financial statements:

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. The disclosure has been made in note 50.5 to these financial statements.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus of fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and

- incorporation of significant additional disclosures.

2.4.2 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

2.4.2.1 The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRS 1	First-Time Adoption of International Financial Reporting Standards	January 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

2.4.2.2 The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 19	Employee Benefits [Amendments]	January 01, 2019
IFRIC 23	Uncertainty over Income Tax	January 01, 2019

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease , SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The management anticipates that the adoption of the above standards and amendments in future periods, will not have any material impact on the Company's financial statements other than in presentation / disclosures. The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

Note 3
Basis of Measurement

These financial statements have been prepared under the historical cost convention, as modified by revaluation of investment properties; property, plant and equipment; intangible assets, short term investments measured at fair value, and recognition of certain other assets and liabilities at their present value.

3.1 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which revisions are made. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant management estimates in these financial statements relate to useful lives, revalued amounts, and residual values of property, plant and equipment; fair value of intangible assets; possible impairment of assets; taxation; provision against balance receivables; provision for post employment benefits and provisions against contingencies. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Note 4
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, except for those as disclosed in Note 5.

4.1 Property, plant and equipment

4.1.1 ***Operating fixed assets***

Owned assets

Owned assets except freehold land and plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost or revalued amount less any identified impairment loss and plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair value. Revalued amounts are determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labor and other allocable expenses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Increases in the carrying amount of a asset arising on revaluation of property, plant and equipment are credited to surplus on revaluation of fixed assets through statement of other comprehensive income. Decreases that offset available surplus are charged against this surplus and all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit and loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Depreciation on owned assets, except freehold land, is charged to the statement of profit or loss on straight line method so as to write off the cost or revalued amount of an asset over its estimated useful life.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 22.1.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Related surplus/loss on revaluation are transferred directly to retained earnings (accumulated loss).

Leased assets

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. These liabilities are classified as current / non-current depending upon the timing of their settlement. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the statement of profit or loss over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on straight-line method at rates given in note 22.1. Depreciation on leased assets is charged to the statement of profit or loss .

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Residual value and the useful lives of leased assets are reviewed at each financial year end and adjusted if the impact on depreciation is significant.

4.1.2 ***Capital work-in-progress***

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.1.3 ***Major spare parts and stand-by equipment***

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one year. Transfers are made to operating fixed assets category as and when such items are used.

4.2 Intangible assets

4.2.1 ***Goodwill***

Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment. Any impairment is immediately recognized as an expense and is not subsequently reversed.

4.2.2 ***Other intangible assets***

Other intangible assets except for licenses and software are stated at cost less accumulated amortization and any identified impairment loss. Licenses and software are stated at revalued amount less accumulated amortization and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amounts are determined by independent professional valuers on the basis of current market prices with reference to an active market. Any accumulated amortization at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of licenses and software are credited to surplus on revaluation of fixed assets through statement of other comprehensive income. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to the statement of profit or loss. Each year the difference between amortization based on revalued carrying amount of the asset (the amortization charged to the statement of profit or loss) and amortization based on the assets' original cost - incremental amortization on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Indefeasible Right to Use ("IRU") contracts are recognized at cost as an intangible asset when the Company has the specific IRU on identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset’s economic life. They are amortized on a straight-line basis over the period of the contract.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss as and when incurred. Amortization on other intangible assets is charged to the statement of profit or loss on straight-line method at the rates given in note 23. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Gain or loss arising on disposal of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognized as income or expense. Related surplus on revaluation is transferred directly to retained earnings (accumulated loss).

4.3 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values; being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm's length transaction. Any gain or loss arising from a change in fair value is charged to the statement of profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to the statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.4 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.5 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for doubtful debts, if any. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is doubtful. The provision is charged to the statement of profit or loss. Debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

4.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

4.6.1 *Current*

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

4.6.2 *Deferred*

Deferred tax is accounted for using the reporting date liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

4.7 Stores and spares

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.8 Stock-in-trade

All stocks except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined on weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.9 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

4.9.1 *Long term investments in equity instruments of subsidiaries*

In these separate financial statements investment in subsidiaries is initially measured at cost. Subsequent to initial measurement, these investments are measured at cost less any identified impairment loss in the Company's financial statements. At each reporting date, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are charged to the statement of profit or loss. Investments in subsidiaries, that suffer an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses charged to profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

4.10 Financial assets

4.10.1 *Classification*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

a) *Financial assets at fair value through statement of profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within twelve months, otherwise they are classified as non-current assets.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

c) *Held to maturity*

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the investments within twelve months from the reporting date. The Company measures its available for sale investments at fair value through OCI. Any change in value is recognized in OCI.

4.10.2 *Recognition and measurement*

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Available-for-sale financial assets are carried at cost in case fair value cannot be measured reliably. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is credited to the statement of profit or loss as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of profit or loss as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on available-for-sale equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the statement of profit or loss . Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.5.

4.11 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.12 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.14 Non-current assets classified as held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

4.15 Impairment of Assets

The Company reviews its assets at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss . A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss . Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is charged to the statement of profit or loss over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on an accrual basis and are reported under 'interest and mark up accrued' to the extent of the amount remaining unpaid. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

4.18 Trade and other payables

Trade and other payables are initially recognized at fair value which is the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company. Trade and other payables are subsequently recognized at amortized cost using effective interest rate method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.19 Post employment and other benefits

The main features of the schemes operated by the Company for its employees are as follows:

4.19.1 ***Defined benefits plan***

The Company operates an unfunded defined benefits gratuity plan for all permanent employees as per the Company's policy. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method. All actuarial gains and losses are recognized in other comprehensive income as and when they occur.

4.19.2 ***Accumulating compensated absences***

Employees are entitled to 20 days' earned leave annually. Un-utilized earned leave can be accumulated up to a maximum of 20 days and utilized at any time subject to the approval. Earned leaves in excess of 20 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company's service on last drawn gross salary basis. Provisions are made annually to cover the obligation for accumulating compensated absences on the basis of actuarial valuation and are charged to the statement of profit or loss.

4.20 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.21 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.22 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are charged / credited to the statement of profit or loss.

4.23 Share capital

Ordinary shares and preference shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.24 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold or services rendered, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably. Revenue from different sources is recognized as follows:

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Company.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.
- Revenue from originating minutes is recognized on the occurrence of calls both for prepaid and postpaid subscribers.
- Subscription revenue from Cable TV, EVDO, internet over cable and channels subscription fee is recognized on provision of services.
- Connection and membership fee is recognized at the time of sale of connection.
- Sale of goods is recognized on dispatch of goods to customer.
- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.
- Rental income from investment properties is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- All other revenues are recorded on accrual basis.

4.25 Dividend and other appropriations

Dividend distribution to the Company's members and other appropriations are recognized as a liability in the Company's financial statements in the period in which these are approved.

4.26 Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

The fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques used to measure fair value.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of plant and equipment, licenses and softwares. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Property, plant and equipment under revaluation model	Note 22.1.3
- Intangible assets under revaluation model	Note 23.1
- Investment properties	Note 24
- Financial instruments (including those carried at amortized cost)	Note 50.4

4.27 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.28 Related parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements.

Following are the related parties of the Company:

Name of Related party	Basis of Relationship	% of Holding in the Company
Ferret Consulting - F.Z.C	Common directorship	17.97%
Worldcall Services (Pvt.) Limited	Parent company (note 4.28.1)	27.79%
AMB Management Consultants (Pvt.) Limited	Common directorship	7.51%
Worldcall Business Solutions (Pvt.) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Route 1 Digital (Private) Limited	Wholly owned subsidiary	0%
Mr. Babar Ali Syed	Director / CEO	0.00004%
Mr. Mansoor Ali	Director	0.00003%
Mr. Faisal Ahmad	Director	0.00003%
Mr. Muhammad Murtaza Raza	Director	0.00003%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00003%
Dr. Syed Salman Ali Shah	Director	0.00050%
Mrs. Hina Babar	Director	0.00003%

Ferret Consulting is incorporated in United Arab Emirates having its registered address at SM-Office, E1- 26, A032 , Ajman, United Arab Emirates. Basis for association of the Company with Ferret is common directorship. Mr. Babar Syed Ali is the Managing Director of Ferret Consulting - F.Z.C. Ferret Consulting - F.Z.C is actively operative.

4.28.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 53.27% (2017: 52.13%) ordinary shares in the Company.

Note 5

Change in Accounting Policy

The Company has changed its accounting policy for the presentation and treatment of surplus on revaluation of fixed assets in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus. Therefore, the surplus on revaluation of fixed assets is presented as equity in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. This change in accounting policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements as a part of equity.

In view of the above, the accounting policy for the presentation and treatment of surplus on revaluation of fixed assets is given below:

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 the 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 the 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 surplus on revaluation of fixed assets to retained earnings.

	As at December 31, 2017			As at December 31, 2016		
	--------Rupees in '000--------					
	As previously reported on December 31, 2017	Adjustment	As restated in December 31, 2017	As previously reported on December 31, 2016	Adjustment	As restated on December 31, 2016
Effect on Statement of Financial Position:						
Surplus on revaluation of fixed assets	605,249	(605,249)	-	697,849	(697,849)	-
Share capital and reserves	1,260,054	605,249	1,865,303	(4,815,184)	697,849	(4,117,335)
Effect on Statement of Changes in Equity:						
Surplus on revaluation of fixed assets	-	605,249	605,249	-	697,849	697,849

There was no impact on 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 6

Ordinary Share Capital

2018	2017		Note	2018	2017
No. of Shares				--------------(Rupees in '000)--------------	
					(Restated)
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
945,350,404	260,544,234	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	9,453,504	2,605,442
				18,059,220	11,211,158
		Less: Discount on issue of shares	6.6	(7,223,276)	(1,260,612)
1,805,921,917	1,121,115,747			10,835,944	9,950,546

6.1 During the year, 56,100 (2017: 38,500) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 198.729 million (2017: Rs. 101.268 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 7.2. Legal formalities for allotment of 306,887,260 shares (2017: 260,544,234) by SECP are under process.

6.2 The terms of agreement between the Company and certain lenders impose certain restrictions on distribution of dividends by the Company.

6.3 Worldcall Services (Pvt.) Limited, parent of the Company, holds 501,862,290 shares (2017: 501,862,290 shares) representing 27.79% (2017: 44.76%) in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 11).

6.4 Ferret Consulting F.Z.C., an associate of the Company, holds 324,444,643 shares (2017: 82,661,541 shares) representing 17.97% (2017: 7.37%) in the Company.

6.5 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 135,576,543 shares (2017: Nil shares) representing 7.51% (2017: Nil) in the Company.

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

	2018	2017
	--------------(Rupees in '000)--------------	
		(Restated)
Opening balance	1,260,612	-
Add: Discount on issuance of ordinary shares during the year	5,962,664	1,260,612
Closing balance	7,223,276	1,260,612

6.7 Reconciliation of ordinary shares is as follows:

Opening balance	11,211,158	8,605,716
Add: Shares issued during the year	6,848,062	2,605,442
Closing balance	18,059,220	11,211,158

6.8 All ordinary shares rank equally with regard to residual assets of the Company. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

Note 7

Preference Share Capital

	Note	2018	2017	2018	2017
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		311,500	350,000	3,150,236	3,537,700
Less: Preference shares converted into ordinary shares during the year	7.3	(56,100)	(38,500)	(564,590)	(387,464)
		255,400	311,500	2,585,646	3,150,236

7.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.

7.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted 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.

7.3 In accordance with the terms detailed in Note 7.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 6.1 and Note 8.2. Out of these converted, 46,100 preference shares (2017: 38,500) are yet to be cancelled by the Company in SECP's records.

7.4 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Company for Ordinary Shareholders, whichever is higher.

7.5 Certain preference shareholders have served conversion notices for conversion of 38,800 (2017: Nil) during the year. The Company is yet to issue ordinary shares against these CPS along with accumulated dividend thereon. Such conversion would result in issuance of 541,237,537 ordinary shares.

7.6 Worldcall Services (Pvt.) Limited, parent of the Company, holds 34,500 preference shares (2017: Nil preference shares) in the Company.

7.7 Ferret Consulting F.Z.C., an associate of the Company, holds 164,100 preference shares (2017: 259,000 preference shares) in the Company.

7.8 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 4,300 preference shares (2017: Nil preference shares) in the Company.

7.9 Mandatory date of conversion of CPS has expired during the year and the Company has failed to redeem the un-converted preference shares in a timely fashion as contemplated by its Articles of Association. Thus, the Company is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.

Note 8

Dividend on Preference Shares

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Dividends on preference shares	8.1	949,662	900,687

8.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.

8.2 During the year, cumulative preference dividend amounting to Rs. 198.72 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 7.2 above.

Note 9

Capital Reserves

	2018	2017
	--------------(Rupees in '000)--------------	
		(Restated)
Fair value reserve	(26,774)	(5,928)
Exchange translation reserve	633,550	291,839
	606,776	285,911

Note 10

Surplus on Revaluation of Fixed Assets

	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	605,249	697,849
Surplus on revaluation arisen during the year	1,340,623	-
Related deferred taxation	(375,240)	-
	965,383	-
Adjustment of related deferred tax due to change in rate	21,368	-
Transfer to retained earnings in respect of net incremental depreciation/amortization net of deferred tax	(125,658)	(92,600)
Closing balance - net of tax	1,466,342	605,249

10.1 This represents surplus, net of tax, over book value resulting from the revaluation of plant and equipment, licenses and softwares as adjusted by incremental depreciation / amortization arising on revaluation. Revaluation surplus cannot be distributed to shareholders as dividend.

Latest revaluation was carried out by an approved independent valuer on October 01, 2018 using current market price / replacement cost methods, wherever applicable. This has resulted in revaluation surplus of Rs. 1.34 billion. Incremental depreciation charged on revalued fixed assets is transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 11

Term Finance Certificates

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		1,517,110	1,517,110
Less: Payments made during the year		(200,000)	-
		1,317,110	1,517,110
Less: Current and overdue portion	19	(130,006)	(1,517,110)
		1,187,104	-
Add: Deferred markup		588,776	-
Less: Impact of IAS-39	41.1	(192,117)	-
		396,659	-
		1,583,763	-

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2017: six month average KIBOR plus 1.6% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 7.49% to 9.2% (2017: 7.66% to 7.77%) per annum.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. As of the reporting date, third rescheduling of these TFCs has successfully been executed through signing of the Third Supplemental Trust Deed between the Trustee and the Company.

In accordance with the 3rd Supplemental Trust Deed executed during the year, the outstanding principal is repayable by way of quarterly staggered installments with downward revision in markup of 0.60% i.e. revised markup of six months average KIBOR + 1%. The outstanding markup payable as at the date of restructuring and up to December 20, 2018 is agreed to be deferred and shall be paid from March 20, 2021 in quarterly installments. 50% of the markup accrued for the period between December 20, 2018 to December 20, 2020 shall be paid on regular quarterly basis commencing from March 20, 2019 and the remaining 50% shall be deferred and paid from March 20, 2021. Markup deferred has been measured at present value. Under the revised term sheet, these TFCs are due to mature on September 20, 2026.

The other main terms include appointment of one representative as nominee director nominated by the Trustee 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 sponsor's, shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

The majority shareholding of the Company has changed during the year (refer to note 6.3) which is a non-compliance of covenants of third supplemental trust deed.

Note 12

Long Term Financing

	Note	2018	2017
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
National Bank of Oman	12.1	-	-
Allied Bank Limited	12.2	-	-
Soneri Bank Limited	12.3	-	-
Askari Bank Limited	12.4	13,893	43,996
		13,893	43,996
		13,893	43,996

12.1 National Bank of Oman

	Note	2018	2017
Loan liability		-	3,555,300
Exchange loss		-	112,700
		-	3,668,000
Less: Liability novated by Omantel as part of SPA	41	-	(3,668,000)
		-	-

This represented foreign currency syndicated loan facility ("facility") amounting to USD 35 million from National Bank of Oman (NBO) and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. This loan was assumed and taken up by the former Parent Company during the last year and no liability is owned by the Company.

12.2 Allied Bank Limited		2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		51,820	87,750
Repayments		(51,820)	(35,930)
		-	51,820
Less: Current and overdue portion	19	-	(51,820)
		-	-

This represented a running finance facility restructured into term loan facility of Rs. 125 million. This facility was rescheduled in January 2015 and was repayable in 43 monthly installments ending on July 31, 2018. It carried mark up at one month KIBOR plus 3% per annum till March 31, 2015, payable on monthly basis. The mark up rate with effect from April 01, 2015, was 3 months KIBOR plus 0.5% per annum to be reset and recoverable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 6.66% to 7.42% (2017: 6.62% to 6.65%) per annum. This facility was secured through joint pari passu charge on present and future current and fixed assets excluding land and building of the Company with 25% margin. The loan has been fully repaid during the year.

12.3 Soneri Bank Limited	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		4,324	15,437
Repaid during the year		(4,324)	(11,113)
		-	4,324
Less: Current and overdue portion	19	-	(4,324)
		-	-

This facility was initially repayable in 23 monthly installments ending on February 28, 2016. However, in August 2016, the facility was rescheduled by Soneri Bank Limited and the principal was repayable in 18 monthly installments ending on January 30, 2018. The facility carried mark up at one month KIBOR plus 3% per annum and was payable monthly. The mark up rate charged during the year on the outstanding balance ranged from 9.3% to 9.5% (2017: 9.25% to 9.27%) per annum. It was secured through joint pari passu hypothecation agreement over current and movable fixed assets. The loan has been fully repaid during the year.

12.4 Askari Bank Limited		2018	2017
		--------------(Rupees in '000)-------------	
Opening balance		76,414	-
Liability created during the year		-	138,000
Repayments / adjustments		(27,787)	(61,586)
		48,627	76,414
Less: Current and overdue portion	19	(34,734)	(32,418)
		13,893	43,996

This represents liability created by the bank due to encashment of performance guarantee issued in favour of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 30, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the year on the outstanding balance ranged from 8.21% to 9.04% (2017: 8.11% to 8.16%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Company in favour of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 13

Sponsor's Loan

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	417,300	331,500
- Non-interest bearing	13.2	838,631	344,393
		1,255,931	675,893

		2018	2017
13.1	Opening balance	331,500	-
	Transferred from short term borrowings	-	419,200
	Exchange loss	85,800	17,300
		417,300	436,500
	Adjusted during the year	-	(105,000)
		417,300	331,500

This represents loan obtained from Worldcall Services (Private) Limited, Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 7.50% (2017: 7.45%) per annum.

13.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, Parent Company. The amount is not payable over the period of next 3 years.

In accordance with the requirements of IAS-39, this loan has been carried at amortized cost and the relevant difference is being charged to the statement of profit or loss. During the year, imputed markup is calculated at 12 months KIBOR plus 2% per annum and accounted for.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		368,500	-
Transferred from current account	17.3.2	852,837	368,500
Amount of loan		1,221,337	368,500
Adjustment due to impact of IAS-39:			
Discounting		(406,813)	(24,107)
Unwinding of discount	44	24,107	-
	41.1	(382,706)	(24,107)
		838,631	344,393

Note 14

License Fee Payable

This represents balance amount of license fee payable to PTA for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Company, the Islamabad High Court took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Under these circumstances, the management does not expect the liability to materialize fully in the near future and therefore restated this liability from current liability to non-current liability. This liability has been classified as a non-current liability with retrospective effect to conform with the requirements of IAS 1 - Presentation of Financial Statements. However, this retrospective application has no impact on retained earnings / (losses), statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the previous periods presented in these financial statements.

Note 15

Post Employment Benefits

	Note	2018	2017
		(Rupees in '000)	
Obligations for defined benefit scheme - gratuity	15.1.1	222,507	236,014
Accumulating compensated absences	15.2.1	18,513	17,199
		241,020	253,213

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2018. Results of actuarial valuation are as under:

15.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2018	2017
Opening balance		236,014	257,296
Charge for the year - statement of profit or loss	15.1.2	53,288	49,748
Net remeasurements for the year - Other comprehensive income		(5,395)	37,894
Transferred to trade and other payables		(13,957)	(15,035)
Payments made during the year		(47,443)	(93,889)
Closing balance		222,507	236,014

15.1.2 Charge for the year

The amounts recognized in the statement of profit or loss against defined benefit scheme are as follows:

	2018	2017
Current service cost	33,783	30,479
Interest cost	19,505	19,269
	53,288	49,748

15.1.3 Significant actuarial assumptions

	2018	2017
Discount rate for interest cost - per annum	9.50%	9.50%
Discount rate for year end obligations - per annum	13.25%	9.50%
Expected rate of increase in salary level - per annum	12.25%	8.50%
Weighted average duration of defined benefit obligation	9 Years	11 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method	Projected Unit Credit Method	

15.1.4 The Company does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2018	2017	2016	2015	2014
	(Rupees in '000)				
Present value of defined benefit obligation	222,507	236,014	257,296	337,723	298,790
Fair value of plan asset	-	-	-	-	-
Net deficit	222,507	236,014	257,296	337,723	298,790

15.1.5 Estimated charge for the year 2019

	Rupees in '000'
Current service cost	34,350
Interest cost	27,355
	61,705

15.1.6 Year end sensitivity analysis on defined benefits obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees in '000
Discount rate + 100 bps	(205,011)
Discount rate - 100 bps	242,683
Salary increase + 100 bps	243,137
Salary increase - 100 bps	(204,305)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

15.1.7 Allocation of charge for the year

	Note	2018	2017
		(Rupees in '000)	
Direct costs excluding depreciation and amortization	39	23,092	22,903
Operating costs	40	30,196	26,845
		53,288	49,748

15.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2018. Results of actuarial valuation are as under:

15.2.1 Movement in net liability for accumulating compensated absences

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		17,199	17,634
Charge for the year - statement of profit or loss	15.2.2	2,677	1,578
Net remeasurements for the year - statement of profit or loss		473	5,265
Transferred to trade and other payables		(1,074)	(1,116)
Payments made during the year		(762)	(6,162)
Closing balance		18,513	17,199

15.2.2 Charge for the year

The amounts recognized in the statement of profit or loss against defined benefit scheme are as follows:

	2018	2017
Current service cost	1,130	248
Interest cost for the year	1,547	1,330
	2,677	1,578

15.2.3 Actuarial assumptions

	2018	2017
Discount rate for interest cost - per annum	9.50%	9.50%
Discount rate for year end obligations - per annum	13.25%	9.50%
Expected rate of increase in salary level - per annum	12.25%	8.50%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

15.2.4 Estimated charge for the year 2019

	Rupees in '000'
Current service cost	424
Interest cost	2,428
	2,852

15.2.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees in '000'
Discount rate + 100 bps	(17,147)
Discount rate - 100 bps	20,085
Salary increase + 100 bps	20,040
Salary increase - 100 bps	(17,166)

15.2.6 Allocation of charge for the year

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Direct costs excluding depreciation and amortization	39	1,179	726
Operating costs	40	1,971	6,117
		3,150	6,843

Note 16

Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the WTL products and services for three years commencing from June 09, 2017. Security deposit is refundable/adjustable within one month of expiry of term of the agreement.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Amount of security deposit		105,000	105,000
Less: Discounting impact under IAS 39	41.1	(11,420)	-
		93,580	105,000

Note 17

Trade and Other Payables

	Note	2018	2017
		--------------(Rupees in '000)--------------	
			(Restated)
Trade creditors	17.1	4,322,291	4,189,738
Accrued and other liabilities		740,186	1,838,996
Less: Liabilities adjusted against disposal arrangement	22.1.5	-	(623,949)
	17.2	740,186	1,215,047
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		45,000	-
Due to related parties - unsecured	17.3	-	71,012
Advances from customers		10,639	59,790
Retention money		18,804	18,804
Withholding tax		21,383	33,054
Sales tax	17.4	24,801	30,747
Security deposits		35,136	35,136
		6,984,430	7,419,518

17.1 This includes payable to PTA amounting to Rs. 526.66 million (2017: Rs. 476.34 million). Out of this Rs. 409.45 million (2017: Rs. 374.89 million) represent payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Company on legal grounds as well as on account of preoccupation of frequency/spectrums and losses suffered by the Company due to such preoccupancy for which the Company has demanded due compensation from PTA. In all these matters, the Company has filed appeals against PTA's determinations before the honorable Lahore High Court and the honorable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Company, however, PTA has gone into appeal before the Honourable Supreme Court of Pakistan.

17.2 This includes payable to key management personnel amounting to Rs. 89.805 million (2017: Rs. 39.749 million).

17.3 This includes payable to the following related parties:

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Former parent Company - Omantel	17.3.1	-	-
Worldcall Services (Pvt.) Limited - trade liability		-	7,375
Worldcall Services (Pvt.) Limited - current account	17.3.2	-	63,637
		-	71,012

17.3.1 This represented payable in respect of funds received under SPA and certain trade related liabilities. Reconciliation of these is as follows:

		2018	2017
Payable for Trade Liabilities:		--------------(Rupees in '000)--------------	
- Former parent Company - Omantel		-	3,085,841
- Less: Written back as part of SPA	41	-	(3,085,841)
		-	-

Funds received under SPA:

During the last year funding received from the former Parent Company as part of the SPA was written back. Reconciliation of the funding was as follows:

Opening balance		-	579,659
Add: Funds received during the year		-	624,867
		-	1,204,526
Less: Waive off as part of SPA	41	-	(1,204,526)
Closing balance		-	-

17.3.2 This represents interest free amount payable to WSL in respect of current account amounting to Rs. Nil (2017: Rs. 63.637 million). Reconciliation of payable to WSL is as follows:

Opening balance		63,637	-
Add: Funds received during the year		784,561	419,264
Add: Claims/Payments by WSL on behalf of the Company		100,982	90,000
		949,180	509,264
Less: Repaid during the year		(96,343)	(77,127)
Less: Transferred to sponsor's loan	13.2	(852,837)	(368,500)
		-	63,637

17.4 This is net of Rs. 33.4 million (2017: Rs. 33.4 million) recovered by the tax authorities in respect of sales tax demand, facts and litigation status whereof has been discussed in note 21.3.4.

Note 18

Accrued Mark up

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Short term borrowings		43,133	31,454
Term finance certificates		1,992	473,565
Sponsor's loan	18.1	75,913	32,969
Long term financing		1,146	2,683
		122,184	540,671

18.1 The reconciliation is as follows:

Opening balance	32,969	4,137
Add: Markup accrued during the year	30,278	28,607
	63,247	32,744
Add: Exchange loss	12,666	225
	75,913	32,969

Note 19

Current Portion of Non-Current Liabilities

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Term finance certificates	11	130,006	1,517,110
Long term financing	12	34,734	88,562
		164,740	1,605,672

Note 20

Short Term Borrowings

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	20.1	562,458	563,936
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	20.2	139,100	-
		701,558	563,936

20.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 587 million (2017: Rs. 587 million). Running finance facilities are available at mark up rate of three month KIBOR plus 1.5% to 2.5% per annum (2017 : three month KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. These are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding land and building, joint pari passu hypothecation charge on all present and future current and fixed assets with 25% security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company and first exclusive assignment of all present and future receivables of LDI business arm of the Company. The mark up charged during the year on outstanding balances ranged from 7.67% to 11.38% (2017: 7.60% to 8.65%) per annum. These facilities have been successfully rolled over subsequent to the reporting date with the exception of two facilities of Rs. 150 million.

20.2 This represents interest free amount received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. An amount of USD 1 million was received during the year. The amount is repayable on demand.

20.3 Letters of credit and guarantees

Of the aggregate facilities of Rs. 45 million (2017: Rs. 45 million) for opening letters of credit and Rs. 485.126 million (2017: Rs. 414.626 million) for guarantees, the amount utilized as at December 31, 2018 was Nil (2017: Nil) and Rs. 345.650 million (2017: Rs. 352.788 million) respectively. The facilities for opening letters of credit are secured against import documents and lien over bank accounts. These are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding land and building, joint pari passu hypothecation charge on all present and future current and fixed assets with 25% security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company and first exclusive assignment of all present and future receivables of LDI business arm of the Company.

Note 21
Contingencies and Commitments

Contingencies

21.1 Billing disputes with PTCL

21.1.1 There is a dispute of Rs. 72.64 million (2017: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2017: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2017: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up both these issues with PTCL and considers that these would most likely be decided in Company's favor as there are reasonable grounds to defend the Company's stance. Hence, no provision has been made in these financial statements for the above amounts.

21.2 Disputes with PTA

21.2.1 The Company has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Company on account of auction of preoccupied frequency spectrum. The Company has raised a claim of approximately Rs. 5.3 billion against PTA. The Court has been pleased to issue notice to PTA and directed to maintain status quo in the meantime.

21.2.2 During the year 2016, PTA again demanded immediate payment of the principal amount of APC amounting to Rs. 1.766 billion along with default surcharge thereon amounting to Rs. 1.654 billion as of July 31, 2016 vide its notice dated December 1, 2016. Through the aforesaid show cause notice, PTA has also shown intentions to impose penal provisions to levy fine up to Rs. 350 million or to suspend or terminate the LDI license by issuance of an enforcement order against the Company. The Company has challenged the show cause notice before the Sindh High Court on December 13, 2016 wherein the Court has passed orders restraining PTA from cancelling the licenses of the Company and from taking any coercive action against it. The matter is at the stage of hearing of applications. Based on the advice of the legal counsel, the Company's management feels that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision has been made in these financial statements for the amounts of default surcharge.

21.2.3 PTA has raised demand amounting to Rs. 29.77 million (2017: Rs. 29.77 million) on account of using extra Radio Spectrum not assigned to the Company. The Company challenged this amount in July 3, 2012 before Islamabad High Court which has suspended the demand of PTA and decided the case in favour of the Company on March 10, 2017. However, PTA has gone into appeal before the Honourable Supreme Court of Pakistan in March 2017. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

21.2.4 PTA has issued an order for recovery of annual radio frequency spectrum fee for the year ended 2013 along with late payment charges amounting in total to Rs. 53.795 million. The Company has assailed the order before honorable Lahore High Court on June 28, 2016 on the ground that officers of PTA could not issue such an order as they had not issued the show cause notice. In another suit filed by the Company before Honorable Lahore High Court. PTA has also demanded applicable late payment charges on impugned non-payment of annual radio spectrum fee. The question of law has been resolved by the Honorable High Court on March 21, 2018 and it was held that PTA's decision was appealable before PTA. Same was also upheld by the honorable Supreme Court on May 17, 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements for late payment charges.

Moreover, the Company is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 21.2.1.

21.2.5 The Company has filed a suit before the High Court of Sindh July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the APCL contribution and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Company to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honorable Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court acceded to the prayers of the Company and restrained PTA from taking any coercive action against the Company.

The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Company before the Division Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements.

21.3 Taxation issues

21.3.1 Separate returns of total income for the Tax Year 2003 were filed by M/s Worldcall Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Company. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. The Company contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Company before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. The Company's management considers that meritorious grounds exist to support the Company's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these financial statements.

21.3.2 Through amendment order passed under section 122(5A) of the Ordinance, the Company's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. The Company's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. The Company's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Company's stance. Accordingly, no adjustment on this account has been incorporated in these financial statements.

21.3.3 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Company under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2004 in usual appellate course and while first appellate authority decided certain issues in the Company's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Company before Appellate Tribunal Inland Revenue (ATIR) on May 20, 2014, at which forum, adjudication is pending. Meanwhile, department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Company in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the departmental action. The management has contested this order before ATIR on August 20, 2015 for favorable outcome.

21.3.4 A sales tax demand of Rs. 167 million was raised against the Company for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. The Company's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Company by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). The Company further assailed the issue on November 10, 2009 before LHC where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honorable Court debars the department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Company, no liability on this account has been recognized in these financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favor of other taxpayers operating in telecom sector. The Honourable Lahore High Court has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing.

21.3.5 On September 30, 2016, PRA issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. The Company challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by Commissioner Appeals through set aside the demand created by PRA with direction of reassessment proceedings. The Company challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The Writ petition has been allowed with instructions passed by honorable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter was also been taken up by other LDI operators against PRA in June 2015 before Lahore High Court on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. Based on the advice of the Company's tax advisor, the management is of the view that the Company's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 390.292 million (2017: Rs. 211.454 million) has not been made in these financial statements.

21.3.6 During the year, a demand of Rs. 95.974 million was raised against the Company through an order passed under section 161/205 of the Ordinance for the period relevant to Tax Year 2015 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order in usual appellate course and filed an appeal against this order on August 20, 2018 to Commissioner Inland Revenue, Appeals-I. The appellate authority decided certain issues in the Company's favor, major issues were remanded back to department for adjudication afresh. The Department is yet to issue a notice for fresh adjudication.

21.3.7 During the year, a demand of Rs. 127.056 million was raised against the Company through an order passed under section 161/205 of the Ordinance for the period relevant to Tax Year 2016 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The said demand was curtailed to Rs. 79.485 million through a revised demand order on account of rectification application filed by the Company. The management assailed the subject order in usual appellate course and filed an appeal against this order on June 9, 2018 to Commissioner Inland Revenue, Appeals-I. The appellate authority decided certain issues in the Company's favor, major issues were remanded back to department for adjudication afresh. The Department is yet to issue a notice for fresh adjudication.

21.4 Others

21.4.1 One of the Company’s supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Company under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. The Company denies the claim and is hopeful for positive outcome. Based on the legal advice, the management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.2 Certain suppliers / vendors of the Company filed petitions November 21, 2014 during the year 2014 before LHC through which they have claimed Rs. 216.48 million receivable from the Company. Further details of the litigations have not been disclosed as it may prejudice the Company's position. The Company has denied the veracity of such claims and has also challenged the maintainability of the proceedings. Also, the Company has filed a counter petition during the year 2015 claiming Rs. 315.178 million receivable from one of the above suppliers / vendors under the same contract against which the supplier has claimed its dues. The Company had to deposit an amount of Rs. 20 million in the Court in respect of this case. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Company.

21.4.3 One of Company's supplier and its allied international identities who had filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed during the year on September 26, 2018, has now filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.3 million and Rs. 68 million along with damages of USD 20 million. The Company has already filed suit for recovery of USD 93.3 million against this supplier for default in performance of agreements before Civil Court, Lahore in August 2017. The Company has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Company for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.4 The Company acquired Indefeasible Right to Use ("IRU") of media and related Operations and Maintenance Services ("O&M") from one of the Company's suppliers through an agreement entered in August 2011. An agreement between the parties was reached in April 2015 for the payment against O&M services whereby it was decided that monthly payments in respect of O&M will be made by the Company and other deliverables under IRU agreement shall be mutually agreed by June 30, 2016. However, the supplier illegally and violating the terms for the Agreement, disconnected its services to the Company and filed a Civil Suit before the Sindh High Court in October 2016 for recovery of dues amounting to USD 7.03 million equivalent to Rs. 977.873 million along with mark up @ 15% amounting to USD 1.58 million equivalent to Rs. 219.778 million, allegedly due under the stated agreement. The subject suit is pending adjudication.

The management believes that supplier's claim is invalid since it relates to the un-utilized future period and for the media which has never been provisioned as required under the Agreement and the supplier is/was under contractual obligation to provide (media) to the Company. That, a net sum of USD 2.977 million is due and payable by Supplier to WTL, in respect of reimbursement and refund obligation under and pursuant to the IRU Contract. The net sum is calculated on the basis of actual utilization of the capacity calculated on pro rata basis hence WTL was/is entitled to and Supplier was/is liable to refund USD 2.977 million within 90 days of the termination of the IRU instead of claiming USD 7.03 million. The subject media / services have never been provisioned therefore the Supplier is not entitled to claim any amount for media or services. As the Company holds an indefeasible right to use the supplier's media for the contract duration of 15 years, early and unilateral termination of services by supplier, amounts to a breach. Under these circumstances, the Company under the express contractual rights have claimed the amounts pertaining to (i) media which has yet not been delivered, and (ii) un-utilized future period on a prorata basis, as required under the terms and conditions of the Agreement. Moreover, the Supplier is also liable to make payments to the Company on account of different services received from the Company. The Company has filed an application before SHC in January 2017 under section 34 of the Arbitration Act, 1940 to refer the matter to Arbitrator as per the dispute resolution mechanism provided in the agreement dated 2011. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order pertaining to the Supplier's Claim will be passed against the Company.

		2018	2017
		--------------(Rupees in '000)--------------	
21.5	Outstanding guarantees and letters of credit	349,100	356,288

Commitments

21.6	Commitments in respect of capital expenditure	138,330	16,597
	Operating lease commitments	114,966	-

Note 22
Property, Plant and Equipment

	Note	2018	2017
		(Rupees in '000)	
Operating fixed assets	22.1	8,219,709	6,814,020
Capital work-in-progress	22.2	56,401	110,703
		8,276,110	6,924,723

22.1 Operating fixed assets

	Note	Owned assets: Freehold Land	Building on Freehold Land	Leasehold Improvements	Plant and Equipment	Office Equipment	Computers	Furniture and Fixtures	Vehicles	Laboratory and Other Equipment	Sub-total	Leased assets: Plant and Equipment	Vehicles	Sub-total	Total
		(Rupees in '000)													
Cost / Revalued Amount															
Balance as at December 31, 2016		19,800	97,500	134,691	12,880,424	100,146	180,822	23,733	44,476	21,180	13,502,772	518,514	4,877	523,391	14,026,163
Additions during the year		-	-	23,422	57,376	6,243	2,366	8,834	-	760	99,001	-	-	-	99,001
Transfers from leased assets		-	-	-	-	-	-	-	4,877	-	4,877	-	(4,877)	(4,877)	-
Disposals / settlement during the year	22.1.9	-	-	-	(733,084)	-	(2,015)	-	(6,012)	-	(741,111)	-	-	-	(741,111)
Balance as at December 31, 2017		**19,800**	**97,500**	**158,113**	**12,204,716**	**106,389**	**181,173**	**32,567**	**43,341**	**21,940**	**12,865,539**	**518,514**	**-**	**518,514**	**13,384,053**
Additions during the year		-	-	5,500	133,306	5,500	5,211	909	-	106	150,532	720,000	-	720,000	870,532
Disposals / settlement during the year	22.1.9	(19,800)	-	(272)	(3,923,874)	(7,660)	(8,154)	(620)	(8,910)	-	(3,969,290)	-	-	-	(3,969,290)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)	-	-	-	(1,453,862)
Revaluation surplus during the year		-	-	-	1,340,623	-	-	-	-	-	1,340,623	-	-	-	1,340,623
Assets written off due to fire		-	-	-	(664)	(273)	-	-	-	-	(937)	-	-	-	(937)
Balance as at December 31, 2018		**-**	**97,500**	**163,341**	**8,300,245**	**103,956**	**178,230**	**32,856**	**34,431**	**22,046**	**8,932,605**	**1,238,514**	**-**	**1,238,514**	**10,171,119**
Depreciation and Impairment															
Balance as at December 31, 2016		-	10,156	115,865	5,438,405	81,389	180,437	22,611	44,476	18,819	5,912,158	153,557	2,521	156,078	6,068,236
Depreciation for the year		-	4,875	6,538	620,320	6,460	2,008	1,485	545	25	642,256	31,104	975	32,079	674,335
Transfers from leased assets		-	-	-	-	-	-	-	3,496	-	3,496	-	(3,496)	(3,496)	-
Depreciation on disposals / settlement	22.1.9	-	-	-	(164,944)	-	(1,582)	-	(6,012)	-	(172,538)	-	-	-	(172,538)
Balance as at December 31, 2017		**-**	**15,031**	**122,403**	**5,893,781**	**87,849**	**180,863**	**24,096**	**42,505**	**18,844**	**6,385,372**	**184,661**	**-**	**184,661**	**6,570,033**
Depreciation for the year		-	4,875	8,251	659,528	5,833	2,275	1,848	308	165	683,083	52,107	-	52,107	735,190
Depreciation on disposals	22.1.9	-	-	(272)	(3,874,661)	(7,647)	(8,096)	(621)	(8,382)	-	(3,899,679)	-	-	-	(3,899,679)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)	-	-	-	(1,453,862)
Assets written off due to fire		-	-	-	(152)	(120)	-	-	-	-	(272)	-	-	-	(272)
Balance as at December 31, 2018		**-**	**19,906**	**130,382**	**1,224,634**	**85,915**	**175,042**	**25,323**	**34,431**	**19,009**	**1,714,642**	**236,768**	**-**	**236,768**	**1,951,410**
Book value as at December 31, 2018		**-**	**77,594**	**32,959**	**7,075,611**	**18,041**	**3,188**	**7,533**	**-**	**3,037**	**7,217,963**	**1,001,746**	**-**	**1,001,746**	**8,219,709**
Book value as at December 31, 2017		19,800	82,469	35,710	6,310,935	18,540	310	8,471	836	3,096	6,480,167	333,853	-	333,853	6,814,020
Annual rate of depreciation (%)		-	5	10 to 20	5 to 33	10	33.33	10	20	20		5 to 33	20		

22.1.1 Building of the Company is situated at Suit # 302, 303, 304, The Plaza, G-7 Block -9, Clifton, Karachi. The building covers an area of 8,017 Sq. Ft.

22.1.2 Following assets acquired with the funds of the Company are not in the possession/ control of the Company because of their specific nature as these have to be handed over to customers for their use:

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer/Premises Equipment (CPE)	266,229	Customers

22.1.3 Revaluation has been carried out during the year on October 01, 2018 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation gain of Rs. 1.341 billion. Forced sale of value of revalued plant and equipment is estimated at Rs. 6.774 billion.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2018	2017
	(Rupees in '000)	
Recurring fair value measurements		
Plant and equipment (owned)	7,075,611	6,310,935

There are no level 1 or 2 assets and there are no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2018 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	(Rupees in '000)		
Balance as at December 31, 2017	6,110,263	200,672	6,310,935
Additions	133,306	-	133,306
Disposals	(49,213)	-	(49,213)
Depreciation	(609,823)	(49,705)	(659,528)
Assets written off due to fire	(512)	-	(512)
Revaluation surplus recognized in other comprehensive income	1,340,623	-	1,340,623
Balance as at December 31, 2018	6,924,644	150,967	7,075,611

Valuation techniques used to derive level 3 fair values

The Company obtains independent valuations for its plant and equipment (owned) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of plant and equipment (owned) relating to LDI and Broadband operations has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of plant and equipment of similar make / origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of the assets. Level 3 fair value of plant and equipment (owned) relating to WLL operations has been mainly derived using the sales comparison approach. Sale prices of comparable assets are adjusted for differences in key attributes such as condition and location of assets.

Valuation inputs and relationship to fair value

Qualitative information about the significant unobservable inputs used in level 3 fair value measurements and their sensitivity analysis is as under:

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining life of the assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

22.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 145.971 million (2017: Rs. 195.675 million)

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Company amounts to Rs. 121.728 million (2017: Rs. 114.286 million)

22.1.5 Worldcall WLL business had been continuously facing challenges due to economic conditions and availability of better contemporary technologies. During the last year, in order to reduce fixed network operational cost, certain towers were sold / settled to Towershare (Private) Limited (Towershare) and certain other landlords against advances received and outstanding rent payable. This initiative resulted in settlement of liabilities and saving certain fixed network operational cost. Detail of carrying values adjusted under this disposal / settlement is as follows:

	2018	2017
	-----------(Rupees in '000)-------------	
Book value of tower sites disposed / settled	-	568,140
Adjusted accrued rent liability disclosed in trade and other payables	-	(623,949)
Adjusted advance received from Towershare disclosed in trade and other payables	-	(46,353)
Resultant gain on disposal arrangement	-	(102,162)

22.1.6 Carrying values of property, plant and equipment and current assets having charge against borrowings amount to Rs. 12.801 billion (2017: Rs. 10.727 billion).

22.1.7 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 4,369.99 million (2017: 4,718.16 million)

22.1.8 Land measuring around 44.25 Marlas situated at Central Park Housing Society, Lahore is in ownership of the Company but has not been recorded in these financial statements as title of the land has yet not been transferred in the name of the Company. The land is in the name of Mr. Sohail Qadir and values Rs. 6.292 million. The title of the land could not be transferred in the Company's name due to some legal complications.

22.1.9 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Company or any Director of the Company (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		(Rupees in '000)					
Land	Mr. Nadeem Khan	19,800	-	19,800	16,500	(3,300)	Negotiation
Plant and Equipment							
Fiber Cable	Connect Communications (Private) Limited	52,708	4,792	47,916	-	-	Lease of Fiber
Vehicle							
Honda Civic	Mr. Murtaza Raza - Director of the Company	2,641	2,113	528	528	-	As per Company Policy
Assets with book value less than Rs. 500,000		3,895,078	3,893,046	2,032	17,867	15,835	
	2018	**3,970,227**	**3,899,951**	**70,276**	**34,895**	**12,535**	
	2017	741,111	172,538	568,573	673,698	105,125	

	Note	2018	2017
		--------------(Rupees in '000)--------------	
22.2 Capital work-in-progress ("CWIP")			
Advances to suppliers		52,805	62,975
Plant and equipment		3,596	47,728
	22.2.1	56,401	110,703

22.2.1 The reconciliation of the carrying amount is as follows:

	Note	2018	2017
Opening balance		110,703	118,372
Additions during the year		69,288	84,750
Transfers during the year		(123,266)	(66,828)
Written off during the year	42	(324)	(25,591)
Closing balance		56,401	110,703

Note 23

Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Softwares	Goodwill	Total
		- - - - - - - - - - - -	- - - - - - - - - -	(Rupees in '000)	- - - - - - - - - -	- - - - - - - - - -	
Cost / Revalued Amount							
Balance as at December 31, 2016		3,081,005	5,333	784,800	11,280	2,690,403	6,572,821
Additions / (deletions) during the year		1,750	-	-	-	-	1,750
Balance as at December 31, 2017		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2018		3,082,755	5,333	784,800	11,280	2,690,403	6,574,571
Amortization and Impairment							
Balance as at December 31, 2016		471,580	5,333	309,304	7,481	2,690,403	3,484,101
Amortization for the year	43	337,716	-	52,268	2,850	-	392,834
Balance as at December 31, 2017		809,296	5,333	361,572	10,331	2,690,403	3,876,935
Amortization for the year	43	337,768	-	52,268	949	-	390,985
Balance as at December 31, 2018		1,147,064	5,333	413,840	11,280	2,690,403	4,267,920
Book value as at December 31, 2017		2,273,459	-	423,228	949	-	2,697,636
Book value as at December 31, 2018		1,935,691	-	370,960	-	-	2,306,651
Annual amortization rate (%)		5 to 20	10	6.67	20	-	

23.1 During the current year, licenses and softwares were revalued by an independent professional valuer, on October 1, 2018 which resulted in no revaluation surplus. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2018	2017
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	1,935,691	2,273,459
Softwares	-	949
	1,935,691	2,274,408

There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year. During 2017, fair value measurement of licenses and softwares was transferred from level 2 to 3 due to significant adjustments to valuation inputs on account of the Company's specific circumstances, operational uses and future prospects of these assets to reflect a more realistic fair value estimate.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements:

	Licenses and Softwares	
	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	2,274,408	2,613,224
Revaluation surplus arising during the year recognized in other comprehensive income	-	-
Additions during the year	-	1,750
Amortization charged during the year	(338,717)	(340,566)
Closing balance	1,935,691	2,274,408

Valuation techniques used to derive level 3 fair values:

The Company obtains independent valuations for its intangible assets (licenses and software) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of licenses and softwares has been mainly derived using the sales comparison approach. Auction prices of comparable assets are adjusted for differences in key attributes such as frequency and region of the assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Licenses and Softwares	Auction prices for recently issued comparable licenses, market value, technical characteristics and continuing use of licenses is considered while revaluing licenses. Market value and assessment of continuing use is considered for revaluation of software.	Intangibles assets has been revalued using market value as benchmark. The market value has been determined by applying recent auction prices to the fundamental technical characteristics of WLL licenses. Higher the auction price, higher the fair value. Fundamental technical characteristics of WLL licenses such as frequency and region.

23.2 Had there been no revaluation, the net book value of licenses and softwares would have amounted to Rs. 717.09 million (2017: Rs. 840.89 million).

23.3 Licenses of the Company are encumbered with IGI Investment Bank Limited, trustee of TFC holders, as disclosed in Note 11.

Note 24

Investment Properties

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		45,800	38,520
Fair value adjustment recognized in profit or loss	24.1	4,410	7,280
Closing balance		50,210	45,800

24.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2018 by an approved independent valuer. The valuation was carried using sales comparison approach which resulted in fair value gain of Rs. 4.410 million.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value of the investment property of the Company is determined using significant other observable inputs [level 2].

24.2 Particulars of investment properties of the Company are as follows:

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	25,728
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,824
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,216
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				40,168

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2018.

Valuation techniques used to derive level 2 fair values

At the end of each reporting period, the management updates its assessment of the fair value of investment properties, taking into account the most recent independent valuation. The management determines the properties' value within a range of reasonable fair value estimates. Level 2 fair value of investment properties has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Note 25

Long Term Investment

	2018	2017
	--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]		
Route 1 Digital (Private) Limited		
30,000 (2017: Nil) ordinary shares of Rs. 100 each,		
equity held 100% (2017: Nil)	50,000	-

25.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during the year. 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. From the total consideration amount of Rs. 50 million, Rs. 5 million has bee paid as at the reporting date.

25.2 This investment has been made in accordance with the requirements under the Companies Act, 2017.

Note 26

Long Term Trade Receivable

This represents receivable against the sale of "Optical Fiber Cable" stated at amortized cost using effective interest rate of 16% per annum.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		250,518	232,500
Unwinding of discount	41.1	19,997	18,018
		270,515	250,518
Less: current and overdue portion		(215,937)	(185,278)
		54,578	65,240

Note 27

Deferred Taxation

	2018	2017
	--------------(Rupees in '000)--------------	
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,906,595	3,906,595
-Provision for doubtful debts	577,835	583,755
-Post employment benefits	67,461	72,672
-Provision for stores and spares & stock-in-trade	15,375	71,161
-Provision for doubtful advances and other receivables	69,494	52,603
Liability for deferred taxation comprising temporary differences related to:		
-Accelerated tax depreciation	(1,398,356)	(1,011,524)
-Surplus on revaluation of fixed assets	(672,792)	(318,920)
-Accelerated tax amortization	(259,822)	(661,603)
-Long term trade receivables	(15,276)	(23,118)
-Leasehold improvements	(9,225)	(10,249)
	2,281,289	2,661,372

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and monetary support from the majority shareholder as explained in detail in note 2.2 to these financial statements.

Being prudent, the Company has not recognized deferred tax assets of Rs. 2,414.745 million (2017: 2,361.479 million) in respect of unused tax depreciation and amortization losses and Rs. 282.2 million (2017: Rs. 246.243 million) in respect of alternate corporate tax available for carry forward under section 113C of the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Alternate corporate tax available for carry forward under section 113C of the ITO would expire as follows:

Accounting year to which Alternate Corporate Tax relates	Amount of Alternate Corporate Tax (Rupees in '000)	Accounting year in which Alternate Corporate Tax will expire
2017	246,243	2027
2018	35,957	2028

The gross movement in net deferred tax asset during the year is as follows:

		2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		2,661,372	2,531,937
Deferred tax on surplus on revaluation of fixed assets		(353,872)	-
Charged to other comprehensive income		(1,510)	10,610
Charged to the statement of profit or loss	45	(24,701)	118,825
Closing balance		2,281,289	2,661,372

Note 28

Long Term Loans

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Loans to employees [secured - considered good]:			
- Executives	28.1	585	6,731
- Others		2,173	2,865
		2,758	9,596
Current portion:			
- Executives		(585)	(3,869)
- Others		(2,173)	(2,837)
		(2,758)	(6,706)
		-	2,890

28.1 Executives

	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	6,731	4,377
Disbursements during the year	1,166	2,394
	7,897	6,771
Repayments / adjustments during the year	(7,312)	(40)
	585	6,731

These loans and advances have been made in accordance with the requirements under the Companies Act, 2017. These represented interest free loans given for various purposes, such as construction of houses and other personal needs as per the Company's policy. These are secured against gratuity and are recoverable within a period of three years from the date of disbursement through monthly deductions from salary. Maximum aggregate balance due at the end of any month during the year was Rs. 6.93 million (2017: Rs. 6.77 million).

Note 29

Long Term Deposits

	2018	2017
	--------------(Rupees in '000)--------------	
Security deposits with:		
- Rented premises	35,106	33,940
- Utilities	960	960
- Others	10,611	10,611
	46,677	45,511

Note 30

Stores and Spares

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cost		110,967	126,597
Less: Provision for obsolete/slow-moving items	30.1	(50,306)	(50,306)
		60,661	76,291

30.1 Provision for obsolete/slow-moving items

	Note	2018	2017
Opening balance		50,306	39,906
Add: Provision for the year	39	-	10,400
Closing balance		50,306	50,306

Note 31

Stock-in-Trade

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cost		209,401	273,490
Less: Provision for obsolete/slow-moving stock-in-trade	31.1	(4,624)	(206,232)
		204,777	67,258

31.1 Provision for obsolete/slow-moving stock-in-trade

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		206,232	206,200
Add: Provision for the year	39	-	32
Add: Reversal during the year	31.2	(201,608)	-
Closing balance		4,624	206,232

31.2 Reasons for Reversal

During the year, the Company has entered into an agreement with a party to sell optic fiber duct of some portion of entire running length included in stock-in-trade. This marketability is indicative of significant increase in NRV.

Note 32
Trade Debts

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Considered good - unsecured		1,674,557	1,075,745
Considered doubtful - unsecured		2,064,433	2,033,988
		3,738,990	3,109,733
Less: Provision for doubtful debts	32.1	(2,064,433)	(2,033,988)
		1,674,557	1,075,745

32.1 Provision for doubtful debts

	Note	2018	2017
Opening balance		2,033,988	2,076,898
Charged during the year	42	30,445	2,005
		2,064,433	2,078,903
Less: Bad debts written off		-	(44,915)
Closing balance		2,064,433	2,033,988

Note 33
Loans and Advances

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Advances to employees - considered good	33.1	52,423	46,183
Current portion of long term loans to employees	28	2,758	6,706
Advances to PTA - considered good	33.2	40,000	40,000
		95,181	92,889
Advances to suppliers:			
- Considered good		108,175	78,822
- Considered doubtful		176,226	111,229
		284,401	190,051
Less: Provision for doubtful advances	33.3	(176,226)	(111,229)
		108,175	78,822
		203,356	171,711

33.1 This includes advances given to executives amounting to Rs. 26.076 million (2017: Rs. 28.87 million) out of which Rs. 12.46 million (2017: Rs. 11.3 million) represents advances given to key management personnel of the Company.

33.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand amounting to Rs. 223.34 million vide its determination dated February 22, 2010. Being aggrieved, the Company's management preferred an appeal before the Honorable Lahore High Court ("LHC") against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, the Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in the Company's favor, therefore, this advance is considered unimpaired as at the reporting date.

33.3 Provision for doubtful advances

	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	111,229	114,612
Charged during the year	66,800	-
Less: reversal / written off during the year	(1,803)	(3,383)
Closing balance	176,226	111,229

Note 34
Deposits and Prepayments

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Deposit in Escrow Account	34.1	412,394	398,149
Margin and other deposits	34.2	46,171	25,355
Prepayments	34.3	14,935	20,297
		473,500	443,801

34.1 The telecom operators challenged the legality of Access Promotion Contribution (APC) for Universal Service Fund (USF), as levied by PTA in 2009, and the dispute was finally decided by the honorable Supreme Court in December 2015. During pendency of the court proceedings, International Clearing House (ICH) agreement was signed in 2012, whereby it was decided that regular contributions for APC, based on each operator's share under the ICH agreement, shall be made by LDI operators in an Escrow Account maintained with PTCL. The balance in savings accounts includes Rs. 412.39 million (2017: Rs. 398.15 million) accumulated in Escrow Account as per this understanding.

The formation of ICH was declared anti-competitive by the Competition Commission of Pakistan, and resultantly PTA issued a policy directive in June 2014 terminating ICH arrangement. Some operators challenged this termination and obtained interim relief from Sindh High Court and Lahore High Court. However, Supreme Court adjudicated the matter in February 2015 in favor of termination of ICH, and pursuant upon this, PTA issued its notification of termination of ICH arrangement. As of now, the mechanism of the adjustment of the amount available in Escrow Account remains to be finalized.

34.2 These include deposits placed with banks against various guarantees and letters of credit. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 21.4.2.

34.3 This includes annual cable license fee prepaid to PEMRA amounting to Rs. 1.31 million (2017: Rs. 6.55 million).

Note 35

Short Term Investments - Available-for-Sale

	2018	2017	2018	2017
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	126	87
Orix Leasing Pakistan Limited	13,083	10,903	343	453
Shaheen Insurance Company Limited	3,136,963	3,136,963	12,705	15,685
First Capital Securities Corporation Limited	3,991,754	3,991,754	6,307	6,786
Pace (Pakistan) Limited	6,959,290	6,959,290	14,267	28,811
Media Times Limited	4,199,500	4,199,500	4,367	7,139
			38,115	58,961

35.1 All shares have a face value of Rs. 10 each.

Note 36

Other Receivables

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	36.1	36,220	105
Other receivables - considered good	36.2	52,660	49,153
Other receivables - considered doubtful		72,055	72,055
		160,935	121,313
Less: Provision for doubtful receivables	36.3	(72,055)	(72,055)
		88,880	49,258

36.1 Due from related parties

These relate to normal business of the Company. These amounts are due from the followings:

	2018	2017
Worldcall Business Solutions (Private) Limited	27,211	105
Route 1 Digital (Private) Limited	7,769	-
Worldcall Cable (Private) Limited	1,240	-
	36,220	105

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 36.22 million (2017: Rs. 0.105 million).

36.1.1 Aging of the balances due from related parties is as follow:

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
36,115	105	-	-

36.2 This includes receivable aggregating Rs. 3.64 million (2017: Rs. 2.47 million) in respect of insurance claim for assets destroyed in fire and Rs. 46.2 million (2017: Rs. 46.2 million) receivable from Pace Pakistan Limited.

36.3 Provision for doubtful receivables		2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		72,055	72,055
Charged during the year	42	-	-
Closing balance		72,055	72,055

Note 37

Cash and Bank Balances

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		894	2,602
- Savings accounts	37.1	2,623	7,366
		3,517	9,968
Cash in hand		2,741	3,284
Pay orders in hand		1,000	8,968
		7,258	22,220

37.1 The balances in savings accounts bear mark up at the rates ranging from 3.35% to 6% (2017: 3% to 5%) per annum.

37.2 As at the reporting date, the Company had available Rs. 24.542 million (2017: Rs. 23.064 million) of yet-to-be-drawn available / committed borrowing facilities.

Note 38

Revenue - net

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Gross revenue	38.1	4,479,257	2,433,507
Less: Sales tax		(92,304)	(86,902)
Less: Discount and commission		(28,580)	(24,855)
		(120,884)	(111,757)
		4,358,373	2,321,750

38.1 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 an IRU for 20 years.

Note 39

Direct Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	39.1	242,017	214,915
Interconnect, settlement and other charges		1,967,937	1,106,018
PTCL share cost	39.2	6,018	23,953
Bandwidth and other PTCL charges		235,235	160,237
Power consumption and rent	39.3	131,177	153,062
Security services		4,034	9,087
PTA charges	39.4	15,945	13,166
Cable license fee		26,199	24,254
Stores and spares consumed		25,585	17,273
Stock in trade consumed		64,089	-
Annual spectrum fee		34,558	34,558
Content cost		8,209	14,263
Network maintenance and insurance		54,712	91,525
Network partner share		29,237	28,179
Fees and subscriptions		37,862	9,667
Revenue share cost		95,640	45,000
Metro fiber cost		47,916	-
SMS bundle cost		1,652	-
Others		2,917	2,570
		3,030,939	1,947,727

39.1 This includes contribution to gratuity amounting to Rs. 23.092 million (2017: Rs. 22.903 million) and accumulated leave absences amounting to Rs. 1.179 million (2017: Rs. 0.726 million).

39.2 This represents PTCL share cost determined under Revenue Sharing Agreement for WLL network services.

39.3 This includes operating lease rentals amounting to Rs. 65.079 million (2017: Rs. 73.048 million).

39.4 This represents PTA charges in respect of the following:

		2018	2017
LDI license	39.4.1	11,471	10,171
WLL license - royalty fee		19	74
Broadband license		4,199	2,783
Telephony license	39.4.2	6	25
Annual numbering charges		228	113
Testing fee paid to PTA		22	-
		15,945	13,166

	2018	2017
	--------------(Rupees in '000)--------------	
39.4.1 This represents LDI license charges in respect of the following:		
Universal Service Fund	6,883	6,103
Research and Development Fund	2,294	2,034
Annual Regulatory Fee	2,294	2,034
	11,471	10,171
39.4.2 This represents Telephony license charges in respect of the following:		
Universal Service Fund	4	15
Research and Development Fund	1	5
Annual Regulatory Fee	1	5
	6	25

Note 40

Operating Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	40.1	382,372	303,217
Rent, rates and taxes	40.2	48,327	46,686
Travelling and conveyance		77,390	60,532
Legal and professional		37,706	46,320
Utilities		19,614	22,314
Transportation		24,560	19,747
Communications		11,176	11,976
Repairs and maintenance		13,686	15,333
Fees and subscriptions	40.3	21,469	10,742
Marketing, advertisement and selling expenses		9,817	4,491
Insurance		6,788	9,014
Printing and stationery		5,278	4,217
Business promotion and entertainment		41,036	34,942
Directors' meeting expenses		4,411	1,541
Postage and courier		795	875
Newspapers and periodicals		225	188
Security services		14,954	15,425
Miscellaneous		6,324	7,720
		725,928	615,280

40.1 This includes contribution to gratuity amounting to Rs. 30.196 million (2017: Rs. 26.845 million) and accumulated leave absences amounting to Rs. 1.971 million (2017: Rs. 6.117 million).

40.2 This includes operating lease rentals amounting to Rs. 47.4 million (2017: Rs. 46.38 million).

40.3 This includes fee paid to Central Depository Company, Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan amounting to Rs. 13.94 million (2017: 3.29 million) on account of conversion of preference shares.

Note 41

Other Income -net

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Income on deposit and savings accounts		17,913	18,130
Adjustment due to impact of IAS-39	41.1	606,240	42,125
Scrap sales		1,350	4,184
Gain on disposal of property, plant and equipment		12,535	105,125
Change in fair value of investment properties		4,410	7,280
Liabilities written back:			
- Liabilities towards the former Parent Company - Omantel	17.3.1	-	3,085,841
- Receipts from the former Parent Company - Omantel under SPA		-	1,204,526
- Loan from National Bank of Oman	12.1	-	3,668,000
- Excess provisions written back during the year		394,998	6,359
- TFC penalty written back during the year		118,756	-
- Liabilities written back on settlement with parties		204,639	-
		718,393	7,964,726
Reversals of provision for:			
- Stock in trade	31.1	201,608	-
- Advances to suppliers	33.3	1,803	3,384
		203,411	3,384
Dividend income		33	-
Insurance claim		8,744	-
Miscellaneous		82	246
		1,573,111	8,145,200

41.1 Breakup is as follows:	Note	2018	2017
		--------------(Rupees in '000)--------------	
Discounting impact of sponsor's loan	13.2	382,706	24,107
Discounting impact of long term deposit	16	11,420	-
Discounting impact of liability for term finance certificates	11	192,117	-
Unwinding impact of long term trade receivable	26	19,997	18,018
		606,240	42,125

Note 42

Other Expenses

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Early termination charges		-	97,940
Exchange loss - net		127,237	104,499
Capital work in progress written off during the year	22.2.1	324	25,591
Provision for stores and spares	30.1	-	10,400
Auditors' remuneration	42.1	4,575	3,300
Provision for doubtful debts	32.1	30,445	2,005
Provision for doubtful advances	33.3	66,800	-
Provision for stock-in-trade	31.1	-	32
Restructuring fee for TFC		15,250	-
Fine and penalties		118	-
		244,749	243,767

42.1 Auditors' remuneration

Statutory audit	2,000	1,750
Half year review	900	750
Other assurance services	150	150
Out of pocket expenses	400	350
Certifications	1,125	300
	4,575	3,300

Note 43

Depreciation and Amortization

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Depreciation	22.1	735,190	674,335
Amortization	23	390,985	392,834
		1,126,175	1,067,169

Note 44

Finance Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Mark up on term finance certificates		117,235	168,681
Management and advisory fee	44.1	-	86,844
Mark up on long term financing		5,970	13,321
Markup on sponsor's loan		30,278	28,607
Mark up on short term borrowings		50,414	44,658
Finance charge on lease liabilities		-	23
Unwinding of discount on sponsor's loan	13.2	24,107	-
Bank charges and commission		5,489	5,560
		233,493	347,694

44.1 This includes Rs. Nil (2017: Rs. 86.84 million) for management fee in respect of CPS to the former Parent Company.

Note 45
Taxation

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Current			
- For the year	45.1	98,604	276,517
- Prior years		-	(14,139)
		98,604	262,378
Deferred		24,701	(118,825)
		123,305	143,553

45.1 The provision for current taxation represents Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001 (ITO) and minimum / final tax under the provisions of ITO on deductible services, as applicable.

45.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. A comparison of last three years of income tax provision with tax assessed is presented below:

Accounting Year	Provision for Taxation	Tax Assessed as per Return	Excess
	--------------(Rupees in '000)--------------		
2017	276,517	30,274	246,243
2016	46,239	32,100	14,139
2015	45,687	22,695	22,992
	368,443	85,069	283,374

For 2017, the excess mainly pertains to alternate corporate tax provisions recorded in the financial statements which have not become due as the Company did not admit its liability in the tax return.

45.3 The relationship between income tax expense and acccounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on minimum tax under the Income Tax Ordinance, 2001.

Note 46
(Loss) / Earnings per Share - Basic and Diluted

		2018	2017
		--------------(Rupees in '000)--------------	
46.1 Basic (loss) / earnings per share:			
Profit after taxation		446,895	6,101,760
Adjustments for:			
- Dividend on CPS		(247,704)	(258,700)
- Exchange loss on CPS		(463,790)	(180,302)
		(711,494)	(439,002)
(Loss) / profit attributable to ordinary shareholders		(264,599)	5,662,758
Weighted average number of ordinary shares	Number in '000	1,479,155	917,022
Basic (loss) / earnings per share	Rupees	(0.18)	6.18
46.2 Diluted (loss) / earnings per share:			
(Loss) / profit attributable to ordinary shareholders		(264,599)	5,662,758
Adjustments for:			
- Dividend on CPS		247,704	258,700
- Exchange loss on CPS		463,790	180,302
		711,494	439,002
Profit used to determine diluted loss per share		446,895	6,101,760

		2018	2017
		--------------(Rupees in '000)--------------	
Weighted average number of ordinary shares	Number in '000	1,479,155	917,022
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	3,471,065	2,363,137
Weighted average number of ordinary shares for diluted loss per share	Number in '000	4,950,220	3,280,159
Diluted earnings per share	Rupees	0.09	1.86

46.2.1 The dilution effect on basic earning per share is due to conversion option on CPS. The basic weighted average number of shares have been adjusted for conversion option available to preference shareholders.

46.2.2 The effect of the conversion of the CPS into ordinary shares is anti-dilutive for the year. Accordingly, the diluted earnings per share is restricted to the basic loss per share.

Note 47

Cash Used in Operations

	2018	2017
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		(Restated)
Profit before taxation	570,200	6,245,313
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	735,190	674,335
- Amortization on intangible assets	390,985	392,834
- Provision for doubtful debts and other receivables	30,445	2,005
- Provision for stock-in-trade and stores and spares	-	10,432
- Profit on disposal of property, plant and equipment	(12,535)	(105,125)
- Revenue from IRU agreement	(720,000)	-
- Disposal of fiber under IRU arrangement	47,916	-
- Liabilities towards Omantel	-	(3,085,841)
- Write back of receipts from the former Parent Company - Omantel under SPA	-	(1,204,526)
- Write back of loan from National Bank of Oman	-	(3,668,000)
- Excess provisions written back during the year	(394,998)	(6,359)
- TFC penalty written back during the year	(118,756)	-
- Liabilities written back on settlement with parties	(204,639)	-
- Reversal of provision for stock in trade	(201,608)	-
- Reversal of provision for advance to suppliers	(1,803)	(3,384)
- Gain on re-measurement of investment properties at fair value	(4,410)	(7,280)
- Post employment benefits	56,438	56,591
- Dividend income on short term investments	(33)	-
- Capital work in progress written off during the year	324	25,591
- Adjustment due to impact of IAS-39	(606,240)	(42,125)
- Income on deposit and savings accounts	(17,913)	(18,130)
- Exchange loss on foreign currency loan	85,800	17,300
- Exchange loss on foreign currency accrued markup	12,666	225
- Exchange loss on foreign currency liabilities	28,771	86,974
- Provision for doubtful advances	66,800	-
- Management and advisory fee	-	86,844
- Discounting charges	24,107	-
- Finance cost	209,386	260,850
	(594,107)	(6,526,789)

	2018	2017
	--------------(Rupees in '000)--------------	
Operating loss before working capital changes	(23,907)	(281,476)
(Increase) / decrease in current assets		
- Stores and spares	15,630	4,682
- Stock-in-trade	64,089	-
- Trade debts	(629,257)	(316,488)
- Loans and advances	(96,642)	(26,938)
- Deposits and prepayments	(29,699)	(11,982)
- Other receivables	(39,622)	70,228
Increase / (decrease) in current liabilities		
- Unearned revenue	(60,990)	(23,596)
- Trade and other payables	418,578	571,789
	(357,913)	267,695
Cash used in operations	(381,820)	(13,781)

Note 48

Remuneration of Chief Executive Officer, Directors and Executives

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the Company are as follows:

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	---------(Rupees in '000)--------		---------(Rupees in '000)--------		---------(Rupees in '000)--------		---------(Rupees in '000)--------	
				(Restated)				(Restated)
Managerial remuneration	9,600	17,920	13,189	6,813	4,000	1,855	99,662	77,743
Retirement benefits	1,600	2,987	1,035	1,118	667	309	12,199	10,837
House rent allowance	3,840	7,168	5,276	2,725	1,600	742	39,865	31,097
Utilities	960	1,792	1,319	681	400	186	9,966	7,774
Bonus	-	-	-	2,000	-	-	2,647	-
Meeting fee allowance	527	171	3,356	1,028	527	88	-	-
Advisory fee	-	-	6,000	4,942	-	-	-	-
	16,527	30,038	30,175	19,307	7,194	3,180	164,339	127,451
Number of persons	1	1	5	5	1	1	40	41

48.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year. Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017 (Previously, basic salary limit for executive was Rs. 500,000 per annum).

48.2 The Chief Executive of the Company is also provided with a Company maintained car.

Note 49

Transaction with Related Parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements.

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2018	2017
			--------------(Rupees in '000)--------------	
Oman Telecommunication SAOG	Former Parent Company	Dividend on preference shares	22,664	115,168
		Management fee on preference shares	-	86,844
		Receipts under SPA	-	624,867

			2018	2017
			-----------(Rupees in '000)----------	
Worldcall Services (Private) Limited	Parent Company (note 4.28)	Funds received by the Company during the year	784,561	419,264
		Funds repaid by the Company during the year	96,343	77,127
		Expense paid on behalf of the Company	88,685	90,000
		Expense charged to the Company	12,297	-
		Settlement with multinet	-	105,000
		Dividend on CPS	145	-
		Markup on long term borrowings	30,278	28,607
AMB Management Consultants (Pvt.) Limited	Associate (note 4.28)	Dividend on CPS	18	-
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary (note 4.28)	Investment made during the year	50,000	-
		Expenses borne on behalf of subsidiary	7,769	-
Worldcall Business Solutions (Private) Limited	Associate (note 4.28)	Expenses borne on behalf of associate	27,106	105

			2018	2017
			-----------(Rupees in '000)----------	
Worldcall Cable (Private) Limited	Associate (note 4.28)	Expenses borne on behalf of associate	1,240	-
Director	Associated person	Payment to IBA against open enrollment program	276	-
		Sale of vehicle	528	-
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	1,151	-
		Long term loans received back - net	8,018	10,529

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Company which have been disclosed in note 48.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction		
Ferret Consulting - F.Z.C	Associate (note 4.28)	Dividend on CPS	224,877	143,532
		Current Account	139,100	-

Ferret Consulting, F.Z.C is incorporated in United Arab Emirates having its registered address at SM-Office, E1- 26, A032 , Ajman, United Arab Emirates. Basis for association of the Company with Ferret is common directorship. Mr. Babar Ali Syed is the Managing Director of Ferret Consulting. Ferret Consulting is actively operative.

Financial statements of Ferret Consulting, F.Z.C are un-audited.

Outstanding Balance as at the year end

Oman Telecommunication SAOG	Dividend on CPS	196,180	153,887
Worldcall Services (Private) Limited	Sponsor's loan	1,255,931	675,893
	Trade creditors	-	7,375
	Dividend on CPS	130,868	-
	Accrued markup	75,913	32,969
	Payable under current account	-	63,637
Ferret Consulting - F.Z.C	Dividend on CPS	606,303	746,800
	Current Account	139,100	-
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	16,311	-
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	-
	Other receivables	7,769	-
Worldcall Business Solutions (Private) Limited	Other receivables	27,211	105
Worldcall Cable (Private) Limited	Other receivables	1,240	-
Key management personnel	Payable against expenses, salaries and other employee benefits	89,805	39,749
	Long term loans	269	8,287
	Advance against expenses	12,455	11,304

Note 50
Financial Risk Management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, other market price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

50.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

50.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the followings:

	2018	2017
	-----------------USD ('000)--------------	
Trade receivables	6,870	989
Trade payables	(11,908)	(15,253)
Borrowings	(4,546)	(3,298)
Net exposure	(9,584)	(17,562)

The following significant exchange rates were applied during the year

	2018	2017
Average rate - Rupees per US Dollar (USD)	121.58	105.36
Reporting date rate - Rupees per US Dollar (USD)	139.10	110.50

At December 31, 2018, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 14.71 million lower / higher (2017: Rs. 19.41 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

50.1.2 Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing etc. At the reporting date, the profile of the Company's interest bearing financial instruments was as under:

	2018	2017
	--------------(Rupees in '000)------------	
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	2,623	7,366
Financial liabilities		
Term finance certificates	(1,317,110)	(1,517,110)
Long term financing	(48,627)	(132,558)
Sponsor's loan	(417,300)	(331,500)
Short term borrowings	(562,458)	(563,936)
	(2,342,872)	(2,537,738)

Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial assets and liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 23.43 million lower / higher (2017: Rs. 25.38 million), mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

50.1.3 Other market price risk

Equity price risk arises from investments held by the Company which are classified in the statement of financial position as available-for-sale (Note 35). The primary goal of the Company's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

Since the investment amount is too low (less than 1% of the Company's total assets), the performance of the investments will not have any material impact on the Company's performance.

50.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

The Company's credit risk is primarily attributable to deposits with banks, long term trade receivables, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

50.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2018	2017
	-----------(Rupees in '000)------------	
Long term trade receivables	54,578	65,240
Long term loans	2,758	9,596
Long term deposits	46,677	45,511
Trade debts	1,674,557	1,075,745
Short term deposits	458,565	423,504
Other receivables	88,880	49,258
Long term investment	50,000	-
Short term investments	38,115	58,961
Bank balances	3,517	9,968
	2,417,647	1,737,783

50.2.2 The aging of trade debts and related impairment loss as at the reporting date is as follows:

The aging of trade debts and long term trade receivables

Not past due	119,830	193,122
Past due 1 - 180 days	1,127,474	549,292
Past due 181 - 365 days	136,510	49,379
1 - 2 years	128,943	282,712
More than 2 years	216,378	66,480
	1,729,135	1,140,985

The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

50.2.3 Credit quality of bank balances

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2018	2017
				--------------(Rupees in '000)------------	
Allied Bank Limited	AAA	A1+	PACRA	1	191
Askari Bank Limited	AA+	A1+	JCR-VIS	114	235
Bank AL Habib Limited	AA+	A1+	PACRA	96	1,122
HBL Pakistan	AAA	A-1+	JCR-VIS	22	227
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	28	280
JS Bank Limited	AA-	A1+	PACRA	17	16
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	446	571
MCB Bank Limited	AAA	A1+	PACRA	126	279
National Bank of Pakistan	AAA	A1+	PACRA	6	11
Silk Bank Limited	A-	A-2	JCR-VIS	45	12
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	504	489
Soneri Bank Limited	AA-	A1+	PACRA	38	23
Summit Bank Limited	SUSPENDED	SUSPENDED	JCR-VIS	1,795	6,194
Tameer Microfinance Bank Limited	A+	A-1	PACRA	29	43
United Bank Limited	AAA	A-1+	JCR-VIS	19	49
Mobilink Microfinance Bank Limited (Formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	231	226
				3,517	9,968

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

50.3 Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Company has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	---	Rupees in '000	---			
Contractual maturities of financial liabilities as at December 31, 2018:						
Term finance certificates - secured	1,713,769	3,215,977	257,087	215,264	1,484,587	1,259,039
Long term financing	48,627	50,598	36,497	14,101	-	-
Sponsor's loan	1,255,931	1,699,935	-	448,598	1221,337	
Long term deposits	93,580	105,000	-	105,000	-	-
License fee payable	1,021,500	1,021,500	-	1,021,500	-	-
Short term borrowings	701,558	701,558	701,558	-	-	-
Trade and other payables	6,927,607	6,927,607	6,927,607	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Payable against long term investment	45,000	45,000	45,000	-	-	-
Interest and mark up accrued	122,184	122,184	122,184	-	-	-
	11,931,563	13,861,166	8,091,740	1,804,463	2,705,924	1,259,039

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
	-------Rupees in '000-------					
Contractual maturities of financial liabilities as at December 31, 2017:						
Term finance certificates - secured	1,517,110	1,517,110	1,517,110	-	-	-
Long term financing	132,558	145,130	94,532	36,497	14,101	-
Sponsor's loan	675,893	724,697	-	724,697	-	-
Long term deposits	105,000	105,000	-	-	105,000	-
License fee payable	1,021,500	1,021,500	1,021,500	-	-	-
Short term borrowings	563,936	563,936	563,936	-	-	-
Trade and other payables	7,295,927	7,297,734	7,297,734	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Interest and mark up accrued	540,671	540,671	540,671	-	-	-
	11,854,402	11,917,585	11,037,290	761,194	119,101	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

50.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

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 financial assets that are measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
	-------Rupees in '000-------			
Assets				
Recurring fair value measurements				
Available-for-sale investments	38,115	-	-	38,115

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

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

50.5 Changes in liabilities arising from financing activities

	January 1, 2017	Cash Flows	Foreign Exchange Movement	Impact of IAS 39	Deferred Markup	December 31, 2018
	------- (Rupees in '000) -------					
Term finance certificates	1,517,110	(200,000)	-	(192,117)	588,776	1,713,769
Long term financing	132,558	(83,931)	-	-	-	48,627
Sponsor's loan	675,893	852,837	85,800	(358,599)	-	1,255,931
Short term borrowings	563,936	137,622	-	-	-	701,558
Total liabilities from financing activities	2,889,497	706,528	85,800	(550,716)	588,776	3,719,885

50.6 Capital Risk Management

The Company's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Company's business. The Board of Directors monitors the Return on Capital Employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

The Company is subject to capital requirements imposed by its lenders. However, the Company has not been able to meet these requirements on account of its financial constraints. The management is confident that after implementation of the strategy detailed in note 2.2, the Company will become compliant with the externally imposed capital requirements.

In line with the industry norm, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including license fee payable) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Company was worked out as under:

	2018	2017
	Rupees in '000	
		(Restated)
Borrowings	4,741,385	3,910,997
Cash and bank balances	(7,258)	(22,220)
Net debt	4,734,127	3,888,777
Equity	3,281,988	1,865,303
Total capital employed	8,016,115	5,754,080
Gearing ratio (%)	59.06%	67.58%

50.7 Financial instruments by categories

Financial assets as at December 31, 2018

	At fair value through profit or loss	Loans and Receivables	Available - for - sale	Held to maturity	Total
	Rupees in '000				
Long term loans	-	2,758	-	-	2,758
Long term deposits	-	46,677	-	-	46,677
Long term trade receivables	-	54,578	-	-	54,578
Long term investment	-	50,000	-	-	50,000
Trade debts	-	1,674,557	-	-	1,674,557
Short term deposits	-	458,565	-	-	458,565
Other receivables	-	88,880	-	-	88,880
Short term investments	-	-	38,115	-	38,115
Cash and bank balances	-	7,258	-	-	7,258
	-	2,383,273	38,115	-	2,421,388

Financial assets as at December 31, 2017

	At fair value through profit or loss	Loans and Receivables	Available-for-sale	Held to maturity	Total
			Rupees in '000		
Long term loans	-	9,596	-	-	9,596
Long term deposits	-	45,511	-	-	45,511
Long term trade receivables	-	65,240	-	-	65,240
Trade debts	-	1,075,745	-	-	1,075,745
Short term deposits	-	423,504	-	-	423,504
Other receivables	-	49,258	-	-	49,258
Short term investments	-	-	58,961	-	58,961
Cash and bank balances	-	22,220	-	-	22,220
	-	1,691,074	58,961	-	1,750,035

Financial liabilities at amortized cost

	2018	2017
	(Rupees in '000)	
Term finance certificates - secured	1,713,769	1,517,110
Long term financing	48,627	132,558
Sponsor's loan	1,255,931	675,893
Long term deposits	93,580	105,000
License fee payable	1,021,500	1,021,500
Short term borrowings	701,558	563,936
Trade and other payables	6,927,607	7,295,927
Unclaimed dividend	1,807	1,807
Payable against Long Term Investment	45,000	-
Interest and mark up accrued	122,184	540,671
	11,931,563	11,854,402

50.8 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	54,578
Long term loans	-	-	-	-	-	2,758
Long term deposits	-	-	-	-	-	46,677
Trade debts	3,861,909	(2,187,352)	1,674,557	-	1,674,557	-
Short term deposits	-	-	-	-	-	458,565
Other receivables	-	-	-	-	-	88,880
Short term investments	-	-	-	-	-	38,115
Cash and bank balances	-	-	-	-	-	7,258
	3,861,909	**(2,187,352)**	**1,674,557**	**-**	**1,674,557**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
			(Rupees in '000)			
As at December 31, 2017	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	65,240
Long term loans	-	-	-	-	-	9,596
Long term deposits	-	-	-	-	-	45,511
Trade debts	2,598,490	(1,522,745)	1,075,745	-	1,075,745	-
Short term deposits	-	-	-	-	-	423,504
Other receivables	-	-	-	-	-	49,258
Short term investments	-	-	-	-	-	58,961
Cash and bank balances	-	-	-	-	-	22,220
	2,598,490	(1,522,745)	1,075,745	-	1,075,745	

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	(Rupees in '000)					
As at December 31, 2018	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	701,558
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	9,114,959	(2,187,352)	6,927,607	-	6,927,607	-
Unclaimed dividend						1,807
Interest and mark-up accrued	-	-	-	-	-	122,184
Payable against Long Term Investment	-	-	-	-	-	45,000
Term finance certificates	-	-	-	-	-	1,713,769
Long term loans	-	-	-	-	-	48,627
Sponsor's loan	-	-	-	-	-	1,255,931
Long term deposits	-	-	-	-	-	93,580
	9,114,959	(2,187,352)	6,927,607	-	6,927,607	

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	(Rupees in '000)					
As at December 31, 2017	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	563,936
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	8,818,672	(1,522,745)	7,295,927	-	7,295,927	-
Unclaimed dividend						1,807
Interest and mark-up accrued	-	-	-	-	-	540,671
Term finance certificates	-	-	-	-	-	1,517,110
Long term loans	-	-	-	-	-	132,558
Sponsor's loan						675,893
Long term deposits	-	-	-	-	-	105,000
	8,818,672	(1,522,745)	7,295,927	-	7,295,927	

Note 51

Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Chief Executive Officer (CEO) of the Company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The CEO is responsible for the Company's entire product portfolio and considers business as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Company is domiciled in Pakistan. All of the Company's assets are located in Pakistan as at the reporting date.

Note 52

Number of Employees

	2018	2017
	Number	Number
Employees as at December 31,	986	877
Average number of employees during the year	932	817

Note 53

Authorization of Financial Statements

These financial statements were approved and authorized for issue on April 9, 2019 by the Board of Directors of the Company.

Note 54
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 (Face of statement of financial position)	Share capital and reserves (Face of statement of financial position)	605,249
Discount on issue of shares	Required by 4th Schedule to the Companies Act, 2017	Capital reserves (note 9)	Ordinary share capital (note 6)	(1,260,612)
Loan from parent Company	Better presentation	Long term financing (note 12)	Sponsors' loan (Face of statement of financial position)	675,893
Rent of Labs	Better presentation	Operating cost - Rent rates and taxes (note 40)	Direct cost - Power consumption and Rent (note 39)	14,204
Unclaimed dividend	Required by 4th Schedule to the Companies Act, 2017	Trade and other payables (note 17)	Face of statement of financial position	1,807
Other receivables	Better presentation	Other receivables - considered good (note 36)	Other receivables - due from related parties (note 36)	105
Long Term Deposits	Better presentation	Long term deposits - other (note 29)	Long term deposits - Rented premises (note 29)	33,940
Long Term Deposits	Better presentation	Long term deposits - other (note 29)	Long term deposits - Utilities (note 29)	960
Board meeting fee	Better presentation	Trade creditors (note 17)	Accrued and other liabilities (note 17)	3,160
Payable to WSL	Better presentation	Trade creditors (note 17)	Due to related parties (note 17)	7,375
Current account payable to WSL	Better presentation	Accrued and other liabilities (note 17)	Due to related parties (note 17)	63,637
Accrued markup on sponsor's loan	Better presentation	Accrued Mark up (note 18)	Accrued Mark up (note 18)	32,969
Markup on sponsor's loan	Better presentation	Finance cost (note 44)	Finance cost (note 44)	28,607
Unearned revenue	Better presentation	Advance from customers (note 17)	Face of statement of financial position	134,893

Chief Executive Officer | **Director** | **Chief Financial Officer**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
WORLDCALL TELECOM LIMITED

Opinion

We have audited the annexed consolidated financial statements of **WorldCall Telecom Limited and its subsidiary (the Group),** which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 2.2 in the accompanying consolidated financial statements, which indicates that the Group has earned profit after taxation of Rs. 438.96 million during the year ended December 31, 2018 which includes the impact of write back of liabilities for Rs. 718.39 million. As of that date, the Group has accumulated losses of Rs. 13,170.32 million and its current liabilities exceeded its current assets by Rs. 5,581.99 million. These conditions, along with others set forth in note 21 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the Key audit matters:

Key Audit Matters	How the matter was addressed in our report
1. Preparation and presentation of consolidated financial statements under the Companies Act, 2017	
The fourth schedule of the Companies Act, 2017 (the Act) became applicable for the first time for the preparation and presentation of the Group's annual financial statements for the year ended	Our audit procedures included the following: • We identified the procedures applied by the management for identification of changes required by the Companies Act, 2017.

December 31, 2018 as referred to in note 2.4.1 to the accompanying consolidated financial statements. The Act forms an integral part of the statutory financial reporting framework as applicable in Pakistan and further prescribes nature and content of disclosures in relation to various elements of consolidated financial statements. Due to the first time applicability and enhanced disclosures we consider it as a key audit matter.	• We assessed the adequacy and sufficiency of disclosures provided by the management in accordance with the new reporting requirements as required by the Companies Act, 2017. • We evaluated the sources of information used by the management for the preparation of additional disclosures.
2. Contingencies	
There are a number of threatened and actual legal, regulatory and tax cases against the Group. The contingencies require management to make judgments and estimates in relation to the interpretation of laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Involvement of subjectivity, inherent uncertainty and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the consolidated financial statements. For such reasons we have considered contingencies as a key audit matter.	Our key audit procedures included: • Discussing the process of identifying and recording contingencies in the financial statements with the management • Obtaining and reviewing external confirmations from Group's legal counsels and tax advisors for their views on case status • Discussing with the Group's in-house tax experts to assess and validate management's conclusion • Held discussion with Group's legal counsels to assess adequacy of disclosures in the consolidated financial statements
3. Revenue Recognition	
There is an inherent risk around the accuracy and completeness of revenue recorded because of the complex billing system that involves processing a large volume of data making it inherent industry risk. We have considered revenue recognition as a key audit matter because of the timing of revenue recognition, application of slab and exchange rates, controls over underlying accuracy of billing systems and presumed risk of fraud.	Our audit procedures included: • Testing of controls assisted by our IT specialists • Authorization of slab rates and reports • Inputs of records into billing system and recalculation of amounts billed to customers • Performed tests on the accuracy of customer bill generation process on a sample basis • Performed substantive analytical procedures over the significant revenue streams by developing an expectation based on rates, disconnections and installations • Tested a sample of bills and checked these to supporting documents

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Horwath Hussain Ch & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: April 09, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	2018	2017	2016
		-----------(Rupees in '000)-----------		
			(Restated)	(Restated)
SHARE CAPITAL AND RESERVES				
Authorized share capital:				
1,500,000,000 (2017: 1,500,000,000) ordinary shares of Rs. 10 each		15,000,000	15,000,000	15,000,000
500,000 (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	6	10,835,944	9,950,546	8,605,716
Preference share capital	7	2,585,646	3,150,236	3,537,700
Dividend on preference shares	8	949,662	900,687	743,255
Capital reserves	9	606,776	285,911	1,053,545
Accumulated loss		(13,170,319)	(13,027,326)	(18,755,400)
Surplus on revaluation of fixed assets	10	1,466,342	605,249	697,849
		3,274,051	1,865,303	(4,117,335)
NON-CURRENT LIABILITIES				
Term finance certificates	11	1,583,763	-	-
Long term financing	12	13,893	43,996	42,887
Sponsor's loan	13	1,255,931	675,893	-
License fee payable	14	1,021,500	1,021,500	1,021,500
Post employment benefits	15	241,020	253,213	274,930
Long term deposit	16	93,580	105,000	-
		4,209,687	2,099,602	1,339,317
CURRENT LIABILITIES				
Trade and other payables	17	6,985,295	7,419,518	11,789,151
Unearned revenue		73,903	134,893	158,489
Accrued mark up	18	122,184	540,671	384,092
Current portion of non-current liabilities	19	164,740	1,605,672	5,247,019
Short term borrowings	20	701,558	563,936	960,677
Unclaimed dividend		1,807	1,807	1,807
Provision for taxation - net		276,281	177,015	-
		8,325,768	10,443,512	18,541,235
Contingencies and Commitments	21	-	-	-
TOTAL EQUITY AND LIABILITIES		15,809,506	14,408,417	15,763,217
NON-CURRENT ASSETS				
Property, plant and equipment	22	8,279,862	6,924,723	8,076,299
Intangible assets	23	2,353,114	2,697,636	3,088,720
Investment properties	24	50,210	45,800	38,520
Long term trade receivable	25	54,578	65,240	77,061
Deferred taxation	26	2,281,289	2,661,372	2,531,937
Long term loans	27	-	2,890	3,211
Long term deposits	28	46,677	45,511	32,641
		13,065,730	12,443,172	13,848,389
CURRENT ASSETS				
Stores and spares	29	60,661	76,291	91,373
Stock-in-trade	30	204,777	67,258	67,290
Trade debts	31	1,674,755	1,075,745	761,262
Loans and advances	32	203,497	171,711	141,389
Deposits and prepayments	33	473,500	443,801	431,819
Short term investments	34	38,115	58,961	150,799
Other receivables	35	81,111	49,258	119,486
Income tax recoverable - net		-	-	31,440
Cash and bank balances	36	7,360	22,220	119,970
		2,743,776	1,965,245	1,914,828
TOTAL ASSETS		15,809,706	14,408,417	15,763,217

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Revenue - net	37	4,358,607	2,321,750
Direct costs excluding depreciation and amortization	38	(3,032,083)	(1,947,727)
Operating costs	39	(732,083)	(615,280)
Other income	40	1,573,111	8,145,200
Other expenses	41	(244,799)	(243,767)
Profit before Interest, Taxation, Depreciation and Amortization		1,922,514	7,660,176
Depreciation and amortization	42	(1,126,708)	(1,067,169)
Finance cost	43	(233,523)	(347,694)
Profit before Taxation		562,283	6,245,313
Taxation	44	(123,325)	(143,553)
Net Profit for the Year attributable to Parent Company		438,958	6,101,760
(Loss) / Earnings per share - basic (Rupees) attributable to Parent Company	45	0.18	6.18
(Loss) / Earnings per share - diluted (Rupees) attributable to Parent Company	45	0.18	1.86

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	--------------(Rupees in '000)-------------	
Net Profit for the Year	438,958	6,101,760
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Remeasurement of post employment benefit obligations - net of tax	3,885	(27,284)
- Surplus on revaluation of fixed assets - net of tax	965,383	-
Item that may be subsequently reclassified to profit or loss:		
- Changes in fair value of available-for-sale financial assets	(20,846)	(91,838)
Other Comprehensive Income / (Loss) - net of tax	948,422	(119,122)
Total Comprehensive Income for the Year attributable to Parent Company	1,387,380	5,982,638

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves					Surplus on Revaluation of Fixed Assets	Revenue Reserve (Accumulated Loss)	Total	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves				Revenue Reserve	Total
				Share Premium	Discount on Issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves							Share Premium	Discount on issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Accumulated loss	
	(Rupees in '000)											(Rupees in '000)								
Balance as at December 31, 2016 as previously reported	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	1,053,545	-	(18,755,400)	(4,815,184)	8,605,716	3,537,700	-	837,335	-	22,971	130,300	(17,307,020)	(4,172,998)
Effect of restatement (Note 5)	-	-	-	-	-	-	-	-	697,849	-	697,849	-	-	526,250	-	-	-	-	-	526,250
Balance as at December 31, 2016 as restated	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	1,053,545	697,849	(18,755,400)	(4,117,335)	8,605,716	3,537,700	526,250	837,335	-	22,971	130,300	(17,307,020)	(3,646,748)
Net profit for the year	-	-	-	-	-	-	-	-	-	6,101,760	6,101,760	-	-	-	-	-	-	-	(1,264,737)	(1,264,737)
Other comprehensive loss for the year - net of tax	-	-	-	-	-	(91,838)	-	(91,838)	-	(27,284)	(119,122)	-	-	-	-	-	62,939	-	10,212	73,151
Total comprehensive income for the year - net of tax	-	-	-	-	-	(91,838)	-	(91,838)	-	6,074,476	5,982,638	-	-	-	-	-	62,939	-	(1,254,525)	(1,191,586)
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(92,600)	92,600	-	-	-	-	-	-	-	-	23,150	23,150
Exchange translation reserve	-	-	-	-	-	-	180,302	180,302	-	(180,302)	-	-	-	-	-	-	-	-	-	-
Conversion of preference shares and dividend thereon	2,605,442	(387,464)	(101,268)	(837,335)	-	-	(18,763)	(856,098)	-	-	1,260,612									
Discount on issuance of ordinary shares	(1,260,612)				-			-	-		(1,260,612)									
Dividend on preference shares for the year	-	-	258,700	-	-	-	-	-	-	(258,700)	-	-	-	217,005	-	-	-	-	(217,005)	-
Total transactions with owners, recognized directly in equity	1,344,830	(387,464)	157,432	(837,335)	-	-	161,539	(675,796)	-	(439,002)	-	-	-	217,005	-	-	-	-	(217,005)	-
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303	8,605,716	3,537,700	743,255	837,335	-	85,910	130,300	(18,755,400)	(4,815,184)
Balance as at December 31, 2017 as previously reported	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	(974,701)	-	(13,027,326)	1,260,054									
Effect of restatement (Note 5 and 6)	(1,260,612)	-	-	-	1,260,612	-	-	1,260,612	605,249	-	605,249									
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303									
Net profit for the year	-	-	-	-	-	-	-	-	-	438,958	438,958	-	-	-	-	-	-	-	6,101,760	6,101,760
Other comprehensive income for the year - net of tax	-	-	-	-	-	(20,846)	-	(20,846)	965,383	3,885	948,422	-	-	-	-	-	(91,838)	-	(27,284)	(119,122)
Total comprehensive income for the year - net of tax	-	-	-	-	-	(20,846)	-	(20,846)	965,383	442,843	1,387,380	-	-	-	-	-	(91,838)	-	6,074,476	5,982,638
Incremental depreciation / amortization for the year on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(125,658)	125,658	-	-	-	-	-	-	-	-	92,600	92,600
Effect of change in tax rates	-	-	-	-	-	-	-	-	21,368	-	21,368									
Exchange translation reserve	-	-	-	-	-	-	463,790	463,790	-	(463,790)	-	-	-	-	-	-	-	180,302	(180,302)	-
Conversion of preference shares and dividend thereon	6,848,062	(564,590)	(198,729)	-	-	-	(122,079)	(122,079)	-	-	5,962,664	2,605,442	(387,464)	(101,268)	(837,335)	(1,260,612)	-	(18,763)	-	-
Discount on issuance of ordinary shares	(5,962,664)	-	-	-	-	-	-	-	-	-	(5,962,664)									
Dividend on preference shares for the year	-	-	247,704	-	-	-	-	-	-	(247,704)	-	-	-	258,700	-	-	-	-	(258,700)	-
Total transactions with owners, recognized directly in equity	885,398	(564,590)	48,975	-	-	-	341,711	341,711	-	(711,494)	-	2,605,442	(387,464)	157,432	(837,335)	(1,260,612)	-	161,539	(439,002)	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	-	-	(26,774)	633,550	606,776	1,466,342	(13,170,319)	3,274,051	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	(13,027,326)	1,260,054

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		--------------(Rupees in '000)--------------	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	46	(335,879)	(13,781)
(Increase) / Decrease in non-current assets:			
- Long term loans		2,890	321
- Long term deposits		(1,166)	(12,870)
- Long term trade receivables		30,659	29,839
		32,383	17,290
Cash (used in) / generated from operations		(303,496)	3,509
Post employment benefits paid		(48,205)	(100,051)
Finance cost paid		(51,793)	(104,496)
Income tax paid		(58,814)	(53,923)
Net Cash Used in Operating Activities		(462,308)	(254,961)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(100,779)	(116,923)
Intangible assets purchased		(46,523)	(1,750)
Dividend income		33	-
Income on deposit and savings accounts		17,913	18,130
Proceeds from disposal of property, plant and equipment		34,895	3,396
Net Cash Used in Investing Activities		(94,461)	(97,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(200,000)	-
Repayment of long term financing		(83,931)	(108,629)
Sponsor's loan		688,218	342,137
Short term borrowings - net		137,622	22,459
Repayment of liabilities against assets subject to finance lease		-	(1,609)
Net Cash Generated from Financing Activities		541,909	254,358
Net Decrease in Cash and Cash Equivalents		(14,860)	(97,750)
Cash and cash equivalents at the beginning of the year		22,220	119,970
Cash and Cash Equivalents at the End of the Year	36	7,360	22,220

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1
Legal Status and Nature of Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (note 1.1)

Route1 Digital (Private) Limited (the subsidiary) was acquired during the year (refer to note 1.2). The Subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the Subsidiary .

1.1 World Call Telecom Limited. (Parent Company) is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Group 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 Parent Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Parent Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Worldcall Services (Pvt.) Limited (the "Holding Company of the Parent Company), incorporated in Pakistan, owns 27.79% (2017: 44.76%) ordinary shares of the Parent Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 53.27% (2017: 52.13%) (refer to note 4.28.1)

1.2 Route 1 Digital (Private) Limited is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired thes subsidiary during the year for control was obtained on April 20, 2018

1.3 Geographical location and address of all business units of the Group are as follows:

Sr. No.	Business unit	Address
1	Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
2	Main Offices	Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
3	Main Offices	2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt.
4	Main Offices	20,Tariq Block, New Garden Town, Lahore.
5	Regional offices	Office # 302,303,304,318,319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
6	Regional offices	Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi
7	Regional offices	41 N, Gulberg II, Lahore
8	Regional offices	Y-194/1, Commercial Phase-III, DHA, Lahore
9	Regional offices	Ali Tower 105-BII,MM Alam Road, Lahore
10	Regional offices	Shop # 35,34, J-I Market, WAPDA Town, Lahore
11	Regional offices	CSC Cantt Shop # 02 Ground floor Cantt Board Plaza,Tufail Road, Lahore Cantt.
12	Regional offices	House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar
13	Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
14	Warehouse	Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi
15	Warehouse	Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta
16		

17	Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi
18		Plot # 33, Maqboolabad Cooperating Housing Society, Karachi
19		Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore
20		P-1410-11-B People's Colony-1, Faisalabad
21		Plot # 321, St # 04, Sector I-9/3, Islamabad
22		Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan
23		Mukarram Plaza, plot # 591-592-B, Main Market Model Town, Gujranwala

1.4 **Significant Transactions and Events affecting the Group's Financial Position and Performance**

- The Group revalued its fixed assets comprising plant and equipment resulting in revaluation surplus of Rs. 1,341 million (Refer to note 22)
- 56,100 convertible preference shares and accumulated preference dividend thereon amounting to Rs. 198.729 million have been converted into ordinary shares in accordance with the agreed terms and conditions (Refer to note 6.1).
- The Group has started a new business to provide IT solution services and has earned revenue of Rs. 5,036,325 from this business arm.
- TFCs were restructured under which revised installment plan was agreed and certain accrued markup was also agreed to be deferred (Refer to note 11).
- An amount of USD 1 million has been received from M/s Ferret Consulting F.Z.C. to meet working capital requirements of the Group (Refer to note 20.2).
- The Group has disposed off major portion of its infrastructure pertaining to WLL having Nil net book value (Refer to note 22)
- The Group has earned revenue of Rs. 720 million by leasing out IRU of its optic fiber to a party on reciprocal basis.
- The Group has acquired 100% shares of Route 1 Digital (Private) Limited for a total consideration of Rs. 50 million (refer to note 1.2)
- The Group has recorded a reversal of provision for obsolescence of stock in trade for an amount of Rs. 201.608 million (Refer to note 30)
- The Group has written back certain liabilities amounting to Rs. 718.393 million (Refer to note 40)
- Owing to the first time application of the Companies Act, 2017 certain amounts reported during the previous periods are restated. For detailed information please refer note 5 and note 53.

For a detailed discussion about the Group's performance please refer to the Directors' report.

Note 2
Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The consolidated financial statements provide comparative information in respect of the previous year. In addition, the Group 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 consolidated financial statements. An additional consolidated statement of financial position as at December 31, 2016 is presented in these consolidated financial statements mainly due to impact of changes required by the Companies Act, 2017 as reflected in Note 5 and 53 to these consolidated financial statements.

2.2 Going concern assumption

The Group has earned a profit after taxation of Rs. 438.96 million during the year ended December 31, 2018 (2017: profit after taxation of Rs. 6,101.76 million) which includes the impact of write back of liabilities for Rs. 718.39 million (2017: Rs. 7,964.73 million). As at December 31, 2018, the accumulated loss of the Group stands at Rs. 13,170.32 million (December 31, 2017: Rs. 13,027.33 million) and its current liabilities exceed its current assets by Rs. 5,581.99 million (December 31, 2017: Rs. 8,478.27 million). These conditions, along with the factors discussed in note 21, indicate the existence of material uncertainties that cast significant doubt about the Group'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 Group's management has carried out an assessment of going concern status of the Group and believes that preparation of these consolidated financial statements on going concern assumption is appropriate. The management has placed reliance on the following factors:

2.2.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.58 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings (Principal+Markup) - (note 20)	2.2.2.1	-
Pakistan Telecommunication Authority (PTA) - (note 17)	2.2.2.2	2,293
Claims of Parties Challenged	2.2.2.3	1,350
Regularly revolving creditors	2.2.2.4	856
		5,244

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

2.2.2.1 The Group has been successful in obtaining renewals of its short term financing facilities from all major banks except two facilities and markup servicing is also being improved (note 20).

2.2.2.2 Liabilities towards PTA stand at approximately Rs. 2.29 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.2.2.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Group 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.

2.2.2.4 The amount payable to creditors amounting Rs. 856.27 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.2.3 Continued Support from a Majority Shareholder

The Group's majority shareholder, Worldcall Services (Private) Limited (WSL) has given assurance to provide continued cash flow support to the Group through its letter to the Group's Board of Directors.

2.3 Principles of consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the changes in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated statement of profit or loss.

2.3.2 Changes in ownership interests

The Group treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

2.4 Functional and presentation currency

These consolidated financial statements are prepared and presented in Pak Rupees which is the Group's functional and presentation currency. All the figures have been rounded off to the nearest thousand of Pak Rupees, unless otherwise stated.

2.5 Adoption of new and revised standards, amendments and interpretations:

2.5.1 New and amended standards and interpretations to published approved accounting standards that are effective in the current year:

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2017 and are considered to be relevant to the Group's consolidated financial statements:

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided. The disclosure has been made in note 50.5 to these consolidated financial statements.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual consolidated financial statements of the Group. These changes also include change in respect of recognition criteria of revaluation surplus of fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

2.5.2 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

2.5.2.1 The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Group intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRS 1	First-Time Adoption of International Financial Reporting Standards	January 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

2.5.2.2 The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Group.The Group intends to adopt these standards, if applicable, when they become effective.

		Effective date [annual periods beginning on or after]
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 19	Employee Benefits [Amendments]	January 01, 2019
IFRIC 23	Uncertainty over Income Tax	January 01, 2019

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018) replaces IAS 18 Revenue, IAS 11 Construction Contracts, and other related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease , SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The management anticipates that the adoption of the above standards and amendments in future periods, will not have any material impact on the Group's consolidated financial statements other than in presentation / disclosures. The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or have any significant effect on the Group's reporting and are therefore, not disclosed in these consolidated financial statements.

Note 3
Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of investment properties; property, plant and equipment; intangible assets, short term investments measured at fair value, and recognition of certain other assets and liabilities at their present value.

3.1 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which revisions are made. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant management estimates in these consolidated financial statements relate to useful lives, revalued amounts, and residual values of property, plant and equipment; fair value of intangible assets; possible impairment of assets; taxation; provision against balance receivables; provision for post employment benefits and provisions against contingencies. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these consolidated financial statements.

Note 4
Significant Accounting Policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, except for those as disclosed in Note 5.

4.1 Property, plant and equipment

4.1.1 *Operating fixed assets*

Owned assets

Owned assets except freehold land and plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost or revalued amount less any identified impairment loss and plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair value. Revalued amounts are determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labor and other allocable expenses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Increases in the carrying amount of a asset arising on revaluation of property, plant and equipment are credited to surplus on revaluation of fixed assets through statement of other comprehensive income. Decreases that offset available surplus are charged against this surplus and all other decreases are charged to the consolidated statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit and loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Depreciation on owned assets, except freehold land, is charged to the statement of profit or loss on straight line method so as to write off the cost or revalued amount of an asset over its estimated useful life.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 22.1.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with items will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Related surplus/loss on revaluation are transferred directly to retained earnings (accumulated loss).

Leased assets

Leases in terms of which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. These liabilities are classified as current / non-current depending upon the timing of their settlement. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to the statement of profit or loss over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on straight-line method at rates given in note 22.1. Depreciation on leased assets is charged to the statement of profit or loss .

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Residual value and the useful lives of leased assets are reviewed at each financial year end and adjusted if the impact on depreciation is significant.

4.1.2 ***Capital work-in-progress***

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.1.3 ***Major spare parts and stand-by equipment***

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them during more than one year. Transfers are made to operating fixed assets category as and when such items are used.

4.2 Intangible assets

4.2.1 ***Goodwill***

Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment. Any impairment is immediately recognized as an expense and is not subsequently reversed.

4.2.2 ***Other intangible assets***

Other intangible assets except for licenses and software are stated at cost less accumulated amortization and any identified impairment loss. Licenses and software are stated at revalued amount less accumulated amortization and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amounts are determined by independent professional valuers on the basis of current market prices with reference to an active market. Any accumulated amortization at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of licenses and software are credited to surplus on revaluation of fixed assets through statement of other comprehensive income. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to the statement of profit or loss. Each year the difference between amortization based on revalued carrying amount of the asset (the amortization charged to the statement of profit or loss) and amortization based on the assets' original cost - incremental amortization on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (accumulated loss). All transfers from surplus on revaluation of fixed assets are net of applicable deferred taxation.

Indefeasible Right to Use ("IRU") contracts are recognized at cost as an intangible asset when the Group has the specific IRU on identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset’s economic life. They are amortized on a straight-line basis over the period of the contract.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss as and when incurred. Amortization on other intangible assets is charged to the statement of profit or loss on straight-line method at the rates given in note 23. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Gain or loss arising on disposal of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognized as income or expense. Related surplus on revaluation is transferred directly to retained earnings (accumulated loss).

4.3 Investment properties

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. The fair value is determined annually by an independent professional valuer based on market values; being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable willing parties in an arm's length transaction. Any gain or loss arising from a change in fair value is charged to the consolidated statement of profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to the statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

4.4 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.5 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for doubtful debts, if any. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is doubtful. The provision is charged to the consolidated statement of profit or loss. Debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

4.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized directly in consolidated other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

4.6.1 ***Current***

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Group in accordance with the provisions of the Income Tax Ordinance, 2001.

4.6.2 ***Deferred***

Deferred tax is accounted for using the reporting date liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

4.7 Stores and spares

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the consolidated financial statements for obsolete and slow moving stores and spares based on management estimate.

4.8 Stock-in-trade

All stocks except for stock in transit, are stated at lower of cost and net realizable value. Cost is determined on weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the consolidated financial statements for obsolete and slow moving stock in trade based on management estimate.

4.9 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

4.9.1 *Long term investments in equity instruments of subsidiaries*

In these separate consolidated financial statements investment in subsidiaries is initially measured at cost. Subsequent to initial measurement, these investments are measured at cost less any identified impairment loss in the Group's consolidated financial statements. At each reporting date, the Group reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are charged to the statement of profit or loss. Investments in subsidiaries, that suffer an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses charged to profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

4.10 Financial assets

4.10.1 *Classification*

the Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

a) *Financial assets at fair value through statement of profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets, if expected to be settled within twelve months, otherwise they are classified as non-current assets.

b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

c) *Held to maturity*

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the investments within twelve months from the reporting date. the Group measures its available for sale investments at fair value through OCI. Any change in value is recognized in OCI.

4.10.2 *Recognition and measurement*

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Available-for-sale financial assets are carried at cost in case fair value cannot be measured reliably. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Available-for-sale financial assets are carried at cost in case fair value cannot be measured reliably. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is credited to the statement of profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of profit or loss as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on available-for-sale equity instruments are credited to the statement of profit or loss when the Group's right to receive payments is established.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

the Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the statement of profit or loss . Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.5.

4.11 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.12 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

4.14 Non-current assets classified as held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

4.15 Impairment of Assets

the Group reviews its assets at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss . A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss . Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is charged to the consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on an accrual basis and are reported under 'interest and mark up accrued' to the extent of the amount remaining unpaid. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

4.18 Trade and other payables

Trade and other payables are initially recognized at fair value which is the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Group. Trade and other payables are subsequently recognized at amortized cost using effective interest rate method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.19 Post employment and other benefits

The main features of the schemes operated by the Group for its employees are as follows:

4.19.1 *Defined benefits plan*

the Group operates an unfunded defined benefits gratuity plan for all permanent employees as per the Group's policy. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method. All actuarial gains and losses are recognized in other comprehensive income as and when they occur.

4.19.2 *Accumulating compensated absences*

Employees are entitled to 20 days' earned leave annually. Un-utilized earned leave can be accumulated up to a maximum of 20 days and utilized at any time subject to the approval. Earned leaves in excess of 20 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company's service on last drawn gross salary basis. Provisions are made annually to cover the obligation for accumulating compensated absences on the basis of actuarial valuation and are charged to the consolidated statement of profit or loss.

4.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.21 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.22 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are charged / credited to the consolidated statement of profit or loss.

4.23 Share capital

Ordinary shares and preference shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.24 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold or services rendered, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably. Revenue from different sources is recognized as follows:

- Revenue from terminating minutes is recognized at the time the call is made over the network of the Group.
- Capacity/media sold under IRU arrangement is recognized upfront if it is determined that the arrangement is a finance lease.
- Revenue from originating minutes is recognized on the occurrence of calls both for prepaid and postpaid subscribers.
- Subscription revenue from Cable TV, EVDO, internet over cable and channels subscription fee is recognized on provision of services.
- Connection and membership fee is recognized at the time of sale of connection.
- Sale of goods is recognized on dispatch of goods to customer.
- Advertisement income is recognized on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Revenue from metro fiber solutions/sale is recognized on delivery of goods / services.
- Rental income is recognized on accrual basis.
- Dividend income is recognized when the right to receive payment is established.
- All other revenues are recorded on accrual basis.

4.25 Dividend and other appropriations

Dividend distribution to the Group's members and other appropriations are recognized as a liability in the Group's consolidated financial statements in the period in which these are approved.

4.26 Fair value measurement

the Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

The fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques used to measure fair value.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of plant and equipment, licenses and softwares. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

the Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Property, plant and equipment under revaluation model	Note 22.1.3
- Intangible assets under revaluation model	Note 23.1
- Investment properties	Note 24
- Financial instruments (including those carried at amortized cost)	Note 49.4

4.27 Earnings per Share

The Group presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.28 Related parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Group and their close relatives and key management personnel of the Group. the Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements.

Following are the related parties of the Group:

Name of Related party	Basis of Relationship	% of Holding in the Group
Ferret Consulting - F.Z.C	Common directorship	17.97%
Worldcall Services (Pvt.) Limited	Holding Company of the Parent Company (note 4.28.1)	27.79%
AMB Management Consultants (Pvt.) Limited	Common directorship	7.51%
Worldcall Business Solutions (Pvt.) Limited	Common key management personnel	0%
Worldcall Cable (Private) Limited	Common directorship	0%
Mr. Babar Ali Syed	Director / CEO	0.00004%
Mr. Mansoor Ali	Director	0.00003%
Mr. Faisal Ahmad	Director	0.00003%
Mr. Muhammad Murtaza Raza	Director	0.00003%
Mr. Muhammad Azhar Saeed	Director / CFO	0.00003%
Dr. Syed Salman Ali Shah	Director	0.00050%
Mrs. Hina Babar	Director	0.00003%

Ferret Consulting is incorporated in United Arab Emirates having its registered address at SM-Office, E1- 26, A032 , Ajman, United Arab Emirates. Basis for association of the Group with Ferret is common directorship. Mr. Babar Syed Ali is the Managing Director of Ferret Consulting - F.Z.C. Ferret Consulting - F.Z.C is actively operative.

4.28.1 Worldcall Services (Private) Limited, through other associates namely Ferret Consulting F.Z.C and AMB Management Consultants (Private) Limited, in aggregate holds 53.27% (2017: 52.13%) ordinary shares in the Group.

Note 5
Change in Accounting Policy

The Group has changed its accounting policy for the presentation and treatment of surplus on revaluation of fixed assets in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus. Therefore, the surplus on revaluation of fixed assets is presented as equity in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. This change in accounting policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these consolidated financial statements as a part of equity.

In view of the above, the accounting policy for the presentation and treatment of surplus on revaluation of fixed assets is given below:

Increases in the carrying amounts arising on revaluation of fixed assets are recognized, net of tax, in consolidated other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in the consolidated 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 consolidated other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the 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 surplus on revaluation of fixed assets to retained earnings.

	As at December 31, 2017			As at December 31, 2016		
	-----Rupees in '000-----					
	As previously reported on December 31, 2017	Adjustment	As restated in December 31, 2017	As previously reported on December 31, 2016	Adjustment	As restated on December 31, 2016
Effect on Statement of Financial Position:						
Surplus on revaluation of fixed assets	605,249	(605,249)	-	697,849	(697,849)	-
Share capital and reserves	1,260,054	605,249	1,865,303	(4,815,184)	697,849	(4,117,335)
Effect on Statement of Changes in Equity:						
flows as a result of the retrospective application of change in accounting policy.						
Surplus on revaluation of fixed assets	-	605,249	605,249	-	697,849	697,849

There was no impact on consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flow of the retrospective application of change in accounting policy.

Note 6

Ordinary Share Capital

2018	2017		Note	2018	2017
No. of Shares				--(Rupees in '000)--	
					(Restated)
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
945,350,404	260,544,234	Ordinary shares of Rs. 10 each issued against convertible preference shares	6.1	9,453,504	2,605,442
				18,059,220	11,211,158
		Less: Discount on issue of shares	6.6	(7,223,276)	(1,260,612)
1,805,921,917	1,121,115,747			10,835,944	9,950,546

6.1 During the year, 56,100 (2017: 38,500) convertible preference shares and accumulated preference dividend thereon amounting to Rs. 198.729 million (2017: Rs. 101.268 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 7.2. Legal formalities for allotment of 306,887,260 shares (2017: 260,544,234) by SECP are under process.

6.2 The terms of agreement between the Group and certain lenders impose certain restrictions on distribution of dividends by the Group.

6.3 Worldcall Services (Pvt.) Limited, the Holding Company, holds 501,862,290 shares (2017: 501,862,290 shares) representing 27.79% (2017: 44.76%) in the Group. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 11).

6.4 Ferret Consulting F.Z.C., an associate of the Group, holds 324,444,643 shares (2017: 82,661,541 shares) representing 17.97% (2017: 7.37%) in the Group.

6.5 AMB Management Consultants (Pvt.) Limited, an associate of the Group, holds 135,576,543 shares (2017: Nil shares) representing 7.51% (2017: Nil) in the Group.

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

	2018	**2017**
	--------------(Rupees in '000)--------------	
		(Restated)
Opening balance	1,260,612	-
Add: Discount on issuance of ordinary shares during the year	5,962,664	1,260,612
Closing balance	7,223,276	1,260,612

6.7 Reconciliation of ordinary shares is as follows:

Opening balance	11,211,158	8,605,716
Add: Shares issued during the year	6,848,062	2,605,442
Closing balance	18,059,220	11,211,158

6.8 All ordinary shares rank equally with regard to residual assets of the Group. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting and other rights are in proportion to the shareholding.

Note 7

Preference Share Capital

	Note	**2018**	**2017**	**2018**	**2017**
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		311,500	350,000	3,150,236	3,537,700
Less: Preference shares converted into ordinary shares during the year	7.3	(56,100)	(38,500)	(564,590)	(387,464)
		255,400	311,500	2,585,646	3,150,236

7.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.

7.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted 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.

7.3 In accordance with the terms detailed in Note 7.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 6.1 and Note 8.2. Out of these converted, 46,100 preference shares (2017: 38,500) are yet to be cancelled by the Group in SECP's records.

7.4 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Group for Ordinary Shareholders, whichever is higher.

7.5 Certain preference shareholders have served conversion notices for conversion of 38,800 (2017: Nil) during the year. the Group is yet to issue ordinary shares against these CPS along with accumulated dividend thereon. Such conversion would result in issuance of 541,237,537 ordinary shares.

7.6 Worldcall Services (Pvt.) Limited, the Holding Company, holds 34,500 preference shares (2017: Nil preference shares) in the Group.

7.7 Ferret Consulting F.Z.C., an associate of the Group, holds 164,100 preference shares (2017: 259,000 preference shares) in the Group.

7.8 AMB Management Consultants (Pvt.) Limited, an associate of the Group, holds 4,300 preference shares (2017: Nil preference shares) in the Group.

7.9 Mandatory date of conversion of CPS has expired during the year and the Group has failed to redeem the un-converted preference shares in a timely fashion as contemplated by its Articles of Association. Thus, the Group is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.

Note 8

Dividend on Preference Shares

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Dividends on preference shares	8.1	949,662	900,687

8.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.

8.2 During the year, cumulative preference dividend amounting to Rs. 198.72 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 7.2 above.

Note 9

Capital Reserves

	2018	2017
	--------------(Rupees in '000)--------------	
		(Restated)
Fair value reserve	(26,774)	(5,928)
Exchange translation reserve	633,550	291,839
	606,776	285,911

Note 10

Surplus on Revaluation of Fixed Assets

	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	605,249	697,849
Surplus on revaluation arisen during the year	1,340,623	-
Related deferred taxation	(375,240)	-
	965,383	-
Adjustment of related deferred tax due to change in rate	21,368	-
Transfer to retained earnings in respect of net incremental depreciation/amortization net of deferred tax	(125,658)	(92,600)
Closing balance - net of tax	1,466,342	605,249

10.1 This represents surplus, net of tax, over book value resulting from the revaluation of plant and equipment, licenses and softwares as adjusted by incremental depreciation / amortization arising on revaluation. Revaluation surplus cannot be distributed to shareholders as dividend.

Latest revaluation was carried out by an approved independent valuer on October 01, 2018 using current market price / replacement cost methods, wherever applicable. This has resulted in revaluation surplus of Rs. 1.34 billion. Incremental depreciation charged on revalued fixed assets is transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation / amortization on revalued assets based on revalued amounts and the equivalent depreciation / amortization based on the historical cost of these assets.

Note 11

Term Finance Certificates

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		1,517,110	1,517,110
Less: Payments made during the year		(200,000)	-
		1,317,110	1,517,110
Less: Current and overdue portion	19	(130,006)	(1,517,110)
		1,187,104	-
Add: Deferred markup		588,776	-
Less: Impact of IAS-39	40.1	(192,117)	-
		396,659	-
		1,583,763	-

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2017: six month average KIBOR plus 1.6% per annum), payable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 7.49% to 9.2% (2017: 7.66% to 7.77%) per annum.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. As of the reporting date, third rescheduling of these TFCs has successfully been executed through signing of the Third Supplemental Trust Deed between the Trustee and the Group.

In accordance with the 3rd Supplemental Trust Deed executed during the year, the outstanding principal is repayable by way of quarterly staggered installments with downward revision in markup of 0.60% i.e. revised markup of six months average KIBOR + 1%. The outstanding markup payable as at the date of restructuring and up to December 20, 2018 is agreed to be deferred and shall be paid from March 20, 2021 in quarterly installments. 50% of the markup accrued for the period between December 20, 2018 to December 20, 2020 shall be paid on regular quarterly basis commencing from March 20, 2019 and the remaining 50% shall be deferred and paid from March 20, 2021. Markup deferred has been measured at present value. Under the revised term sheet, these TFCs are due to mature on September 20, 2026.

The other main terms include appointment of one representative as nominee director nominated by the Trustee 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 Group'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 Group under:

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

Further, 175 million sponsor's, shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

The majority shareholding of the Group has changed during the year (refer to note 6.3) which is a non-compliance of covenants of third supplemental trust deed.

Note 12

Long Term Financing

	Note	2018	2017
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
National Bank of Oman	12.1	-	-
Allied Bank Limited	12.2	-	-
Soneri Bank Limited	12.3	-	-
Askari Bank Limited	12.4	13,893	43,996
		13,893	43,996
		13,893	43,996

12.1 National Bank of Oman

	Note	2018	2017
Loan liability		-	3,555,300
Exchange loss		-	112,700
		-	3,668,000
Less: Liability novated by Omantel as part of SPA	40	-	(3,668,000)
		-	-

This represented foreign currency syndicated loan facility ("facility") amounting to USD 35 million from National Bank of Oman (NBO) and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. This loan was assumed and taken up by the former Parent Company during the last year and no liability is owned by the Group.

12.2 Allied Bank Limited

	Note	2018	2017
Opening balance		51,820	87,750
Repayments		(51,820)	(35,930)
		-	51,820
Less: Current and overdue portion	19	-	(51,820)
		-	-

This represented a running finance facility restructured into term loan facility of Rs. 125 million. This facility was rescheduled in January 2015 and was repayable in 43 monthly installments ending on July 31, 2018. It carried mark up at one month KIBOR plus 3% per annum till March 31, 2015, payable on monthly basis. The mark up rate with effect from April 01, 2015, was 3 months KIBOR plus 0.5% per annum to be reset and recoverable quarterly. The mark up rate charged during the year on the outstanding balance ranged from 6.66% to 7.42% (2017: 6.62% to 6.65%) per annum. This facility was secured through joint pari passu charge on present and future current and fixed assets excluding land and building of the Group with 25% margin. The loan has been fully repaid during the year.

12.3 Soneri Bank Limited

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		4,324	15,437
Repaid during the year		(4,324)	(11,113)
		-	4,324
Less: Current and overdue portion	19	-	(4,324)
		-	-

This facility was initially repayable in 23 monthly installments ending on February 28, 2016. However, in August 2016, the facility was rescheduled by Soneri Bank Limited and the principal was repayable in 18 monthly installments ending on January 30, 2018. The facility carried mark up at one month KIBOR plus 3% per annum and was payable monthly. The mark up rate charged during the year on the outstanding balance ranged from 9.3% to 9.5% (2017: 9.25% to 9.27%) per annum. It was secured through joint pari passu hypothecation agreement over current and movable fixed assets. The loan has been fully repaid during the year.

12.4 Askari Bank Limited

Opening balance		76,414	-
Liabilities created during the year		-	138,000
Repayments / adjustments		(27,787)	(61,586)
		48,627	76,414
Less: Current and overdue portion	19	(34,734)	(32,418)
		13,893	43,996

This represents liability created by the bank due to encashment of performance guarantee issued in favour of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 30, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the year on the outstanding balance ranged from 8.21% to 9.04% (2017: 8.11% to 8.16%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Group with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Group in favour of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 13

Sponsor's Loan

	Note	2018	2017
		(Rupees in '000)	
Sponsor's Loan - unsecured			
- Interest bearing	13.1	417,300	331,500
- Non-interest bearing	13.2	838,631	344,393
		1,255,931	675,893

13.1

Opening balance	331,500	-
Transferred from short term borrowings	-	419,200
Exchange loss	85,800	17,300
	417,300	436,500
Adjusted during the year	-	(105,000)
	417,300	331,500

This represents loan obtained from Worldcall Services (Private) Limited, Holding Company of the Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 7.50% (2017: 7.45%) per annum.

13.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, Holding Company of the Parent Company.The amount is not payable over the period of next 3 years.

In accordance with the requirements of IAS-39, this loan has been carried at amortized cost and the relevant difference is being charged to the statement of profit or loss. During the year, imputed markup is calculated at 12 months KIBOR plus 2% per annum and accounted for.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		368,500	-
Transferred from current account	17.3.2	852,837	368,500
Amount of loan		1,221,337	368,500
Adjustment due to impact of IAS-39:			
Discounting		(406,813)	(24,107)
Unwinding of discount	44	24,107	-
	41.1	(382,706)	(24,107)
		838,631	344,393

Note 14

License Fee Payable

This represents balance amount of license fee payable to PTA for WLL licenses. the Group had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Group's application and demanded its payment. Being aggrieved by this, the Group filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Group, the Islamabad High Court took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Under these circumstances, the management does not expect the liability to materialize fully in the near future and therefore restated this liability from current liability to non-current liability. This liability has been classified as a non-current liability with retrospective effect to conform with the requirements of IAS 1 - Presentation of consolidated financial statements. However, this retrospective application has no impact on retained earnings / (losses), statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the previous periods presented in these consolidated financial statements.

Note 15

Post Employment Benefits

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Obligations for defined benefit scheme - gratuity	15.1.1	222,507	236,014
Accumulating compensated absences	15.2.1	18,513	17,199
		241,020	253,213

15.1 Obligations for defined benefit scheme - gratuity

Latest actuarial valuation of the gratuity scheme was conducted as on December 31, 2018. Results of actuarial valuation are as under:

15.1.1 Movement in net liability for defined benefit scheme obligation

	Note	2018	2017
Opening balance		236,014	257,296
Charge for the year - statement of profit or loss	15.1.2	53,288	49,748
Net remeasurements for the year - Other comprehensive income		(5,395)	37,894
Transferred to trade and other payables		(13,957)	(15,035)
Payments made during the year		(47,443)	(93,889)
Closing balance		222,507	236,014

15.1.2 Charge for the year

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

Current service cost	33,783	30,479
Interest cost	19,505	19,269
	53,288	49,748

15.1.3 Significant actuarial assumptions

Discount rate for interest cost - per annum	9.50%	9.50%
Discount rate for year end obligations - per annum	13.25%	9.50%
Expected rate of increase in salary level - per annum	12.25%	8.50%
Weighted average duration of defined benefit obligation	9 Years	11 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Rates Table	
Actuarial cost method	Projected Unit Credit Method	

15.1.4 the Group does not maintain any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2018	2017	2016	2015	2014
	(Rupees in '000)				
Present value of defined benefit obligation	222,507	236,014	257,296	337,723	298,790
Fair value of plan asset	-	-	-	-	-
Net deficit	222,507	236,014	257,296	337,723	298,790

15.1.5 Estimated charge for the year 2019

	Rupees in '000'
Current service cost	34,350
Interest cost	27,355
	61,705

15.1.6 Year end sensitivity analysis on defined benefits obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees in '000
Discount rate + 100 bps	(205,011)
Discount rate - 100 bps	242,683
Salary increase + 100 bps	243,137
Salary increase - 100 bps	(204,305)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

15.1.7 Allocation of charge for the year

	Note	2018	2017
		--------------(Rupees in '000)-------------	
Direct costs excluding depreciation and amortization	38	23,092	22,903
Operating costs	39	30,196	26,845
		53,288	49,748

15.2 Accumulating compensated absences

Latest actuarial valuation of the leave encashment scheme was conducted as on December 31, 2018. Results of actuarial valuation are as under:

15.2.1 Movement in net liability for accumulating compensated absences

	Note	2018	2017
		--------------(Rupees in '000)-------------	
Opening balance		17,199	17,634
Charge for the year - statement of profit or loss	15.2.2	2,677	1,578
Net remeasurements for the year - statement of profit or loss		473	5,265
Transferred to trade and other payables		(1,074)	(1,116)
Payments made during the year		(762)	(6,162)
Closing balance		18,513	17,199

15.2.2 Charge for the year

The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

	2018	2017
Current service cost	1,130	248
Interest cost for the year	1,547	1,330
	2,677	1,578

15.2.3 Actuarial assumptions

	2018	2017
Discount rate for interest cost - per annum	9.50%	9.50%
Discount rate for year end obligations - per annum	13.25%	9.50%
Expected rate of increase in salary level - per annum	12.25%	8.50%
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial cost method	Projected Unit Credit Method	

15.2.4 Estimated charge for the year 2019

	Rupees in '000'
Current service cost	424
Interest cost	2,428
	2,852

15.2.5 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees in '000'
Discount rate + 100 bps	(17,147)
Discount rate - 100 bps	20,085
Salary increase + 100 bps	20,040
Salary increase - 100 bps	(17,166)

15.2.6 Allocation of charge for the year

	Note	2018	2017
		--------------(Rupees in '000)------------	
Direct costs excluding depreciation and amortization	38	1,179	726
Operating costs	39	1,971	6,117
		3,150	6,843

Note 16

Long Term Deposits

This represents the security deposit pursuant to the agreement for selling and distributing the WTL products and services for three years commencing from June 09, 2017. Security deposit is refundable/adjustable within one month of expiry of term of the agreement.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Amount of security deposit		105,000	105,000
Less: Discounting impact under IAS 39	40.1	(11,420)	-
		93,580	105,000

Note 17

Trade and Other Payables

	Note	2018	2017
		--------------(Rupees in '000)--------------	
			(Restated)
Trade creditors	17.1	4,322,629	4,189,738
Accrued and other liabilities		740,700	1,838,996
Less: Liabilities adjusted against disposal arrangement	22.1.5	-	(623,949)
	17.2	740,700	1,215,047
Payable to PTA against APC charges		1,766,190	1,766,190
Payable against long term investment		45,000	-
Due to related parties - unsecured	17.3	-	71,012
Advances from customers		10,639	59,790
Retention money		18,804	18,804
Withholding tax		21,396	33,054
Sales tax	17.4	24,801	30,747
Security deposits		35,136	35,136
		6,985,295	7,419,518

17.1 This includes payable to PTA amounting to Rs. 526.66 million (2017: Rs. 476.34 million). Out of this Rs. 409.45 million (2017: Rs. 374.89 million) represent payable regarding Annual Radio Spectrum Fee in respect of WLL licenses. PTA has issued multiple determinations that have been challenged and contested by the Group on legal grounds as well as on account of preoccupation of frequency/spectrums and losses suffered by the Group due to such preoccupancy for which the Group has demanded due compensation from PTA. In all these matters, the Group has filed appeals against PTA's determinations before the honorable Lahore High Court and the honorable Islamabad High Court and stay orders were obtained against the recovery. This matter has been decided in favour of the Group, however, PTA has gone into appeal before the Honourable Supreme Court of Pakistan.

17.2 This includes payable to key management personnel amounting to Rs. 89.805 million (2017: Rs. 39.749 million).

		Note	2018	2017
			--------------(Rupees in '000)--------------	
17.3	This includes payable to the following related parties:			
	Former Holding Company - Omantel	17.3.1	-	-
	Worldcall Services (Pvt.) Limited - trade liability		-	7,375
	Worldcall Services (Pvt.) Limited - current account	17.3.2	-	63,637
			-	71,012

17.3.1 This represented payable in respect of funds received under SPA and certain trade related liabilities. Reconciliation of these is as follows:

Payable for Trade Liabilities:

- Former parent Company - Omantel		-	3,085,841
- Less: Written back as part of SPA	40	-	(3,085,841)
		-	-

Funds received under SPA:

During the last year funding received from the former Parent Company as part of the SPA was written back. Reconciliation of the funding was as follows:

Opening balance		-	579,659
Add: Funds received during the year		-	624,867
		-	1,204,526
Less: Waive off as part of SPA	40	-	(1,204,526)
Closing balance		-	-

17.3.2 This represents interest free amount payable to WSL in respect of current account amounting to Rs. Nil (2017: Rs. 63.637 million). Reconciliation of payable to WSL is as follows:

Opening balance		63,637	-
Add: Funds received during the year		784,561	419,264
Add: Claim / Payments by WSL on behalf of the Group		100,982	90,000
		949,180	509,264
Less: Repaid during the year		(96,343)	(77,127)
Less: Transferred to sponsor's loan	13.2	(852,837)	(368,500)
		-	63,637

17.4 This is net of Rs. 33.4 million (2017: Rs. 33.4 million) recovered by the tax authorities in respect of sales tax demand, facts and litigation status whereof has been discussed in note 21.3.4.

Note 18

Accrued Mark up

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Short term borrowings		43,133	31,454
Term finance certificates		1,992	473,565
Sponsor's loan	18.1	75,913	32,969
Long term financing		1,146	2,683
		122,184	540,671

18.1 The reconciliation is as follows:

Opening balance	32,969	4,137
Add: Markup accrued during the year	30,278	28,607
	63,247	32,744
Add: Exchange loss	12,666	225
	75,913	32,969

Note 19

Current Portion of Non-Current Liabilities

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Term finance certificates	11	130,006	1,517,110
Long term financing	12	34,734	88,562
		164,740	1,605,672

Note 20

Short Term Borrowings

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	20.1	562,458	563,936
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	20.2	139,100	-
		701,558	563,936

20.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 587 million (2017: Rs. 587 million). Running finance facilities are available at mark up rate of three month KIBOR plus 1.5% to 2.5% per annum (2017 : three month KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. These are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding land and building, joint pari passu hypothecation charge on all present and future current and fixed assets with 25% security margin over the facility amount, pledge of shares of listed companies in CDC account of the Group and first exclusive assignment of all present and future receivables of LDI business arm of the Group. The mark up charged during the year on outstanding balances ranged from 7.67% to 11.38% (2017: 7.60% to 8.65%) per annum. These facilities have been successfully rolled over subsequent to the reporting date with the exception of two facilities of Rs. 150 million.

20.2 This represents interest free amount received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. An amount of USD 1 million was received during the year. The amount is repayable on demand.

20.3 ***Letters of credit and guarantees***

Of the aggregate facilities of Rs. 45 million (2017: Rs. 45 million) for opening letters of credit and Rs. 485.126 million (2017: Rs. 414.626 million) for guarantees, the amount utilized as at December 31, 2018 was Nil (2017: Nil) and Rs. 345.650 million (2017: Rs. 352.788 million) respectively. The facilities for opening letters of credit are secured against import documents and lien over bank accounts. These are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding land and building, joint pari passu hypothecation charge on all present and future current and fixed assets with 25% security margin over the facility amount, pledge of shares of listed companies in CDC account of the Group and first exclusive assignment of all present and future receivables of LDI business arm of the Group.

Note 21

Contingencies and Commitments

Contingencies

21.1 Billing disputes with PTCL

21.1.1 There is a dispute of Rs. 72.64 million (2017: Rs. 72.64 million) with Pakistan Telecommunication Limited (PTCL) in respect of non-revenue time of prepaid calling cards and Rs. 46.92 million (2017: Rs. 46.92 million) in respect of excess minutes billed on account of interconnect and settlement charges. Similarly, PTCL has charged the Group excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 334.08 million (2017: Rs. 334.08 million) on account of difference in rates, distances and date of activations. The management has taken up both these issues with PTCL and considers that these would most likely be decided in Company's favor as there are reasonable grounds to defend the Group's stance. Hence, no provision has been made in these consolidated financial statements for the above amounts.

21.2 Disputes with PTA

21.2.1 the Group has filed a suit before Civil Court, Lahore on December 15, 2016 in which it has sought restraining order against PTA demands of regulatory and other dues and claimed set off from damages / compensation claim of the Group on account of auction of preoccupied frequency spectrum. the Group has raised a claim of approximately Rs. 5.3 billion against PTA. The Court has been pleased to issue notice to PTA and directed to maintain status quo in the meantime.

21.2.2 During the year 2016, PTA again demanded immediate payment of the principal amount of APC amounting to Rs. 1.766 billion along with default surcharge thereon amounting to Rs. 1.654 billion as of July 31, 2016 vide its notice dated December 1, 2016. Through the aforesaid show cause notice, PTA has also shown intentions to impose penal provisions to levy fine up to Rs. 350 million or to suspend or terminate the LDI license by issuance of an enforcement order against the Group. the Group has challenged the show cause notice before the Sindh High Court on December 13, 2016 wherein the Court has passed orders restraining PTA from cancelling the licenses of the Group and from taking any coercive action against it. The matter is at the stage of hearing of applications. Based on the advice of the legal counsel, the Group's management feels that there are strong grounds to defend the Group's stance and the liability will not materialize, hence, no provision has been made in these consolidated financial statements for the amounts of default surcharge.

21.2.3 PTA has raised demand amounting to Rs. 29.77 million (2017: Rs. 29.77 million) on account of using extra Radio Spectrum not assigned to the Group. the Group challenged this amount in July 3, 2012 before Islamabad High Court which has suspended the demand of PTA and decided the case in favour of the Group on March 10, 2017. However, PTA has gone into appeal before the Honourable Supreme Court of Pakistan in March 2017. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements against this demand.

21.2.4 PTA has issued an order for recovery of annual radio frequency spectrum fee for the year ended 2013 along with late payment charges amounting in total to Rs. 53.795 million. the Group has assailed the order before honorable Lahore High Court on June 28, 2016 on the ground that officers of PTA could not issue such an order as they had not issued the show cause notice. In another suit filed by the Group before Honorable Lahore High Court. PTA has also demanded applicable late payment charges on impugned non-payment of annual radio spectrum fee. The question of law has been resolved by the Honorable High Court on March 21, 2018 and it was held that PTA's decision was appealable before PTA. Same was also upheld by the honorable Supreme Court on May 17, 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements for late payment charges.

Moreover, the Group is confident that incidental liability, if any, will be set off by way of a claim filed against PTA as stated in Note 21.2.1.

21.2.5 the Group has filed a suit before the High Court of Sindh July 2, 2011 for declaration, injunction and recovery of Rs. 4.944 billion against PTA praying, inter alia, for direction to PTA to determine the APCL contribution and Access Promotion Cost (APC) for Universal Service Fund (USF) strictly in accordance with the formula as per Rule 8(2) and (4) of 2004 Rules and Regulation 7 of 2005 Regulations; restraining PTA from taking coercive actions against the Group to recover the amounts of APCL and APC for USF and direction to PTA to submit accounts and information to the Honorable Court with regard to collection and, utilization and application of APCL and APC for USF contributions. During the pendency of proceedings, the Court acceded to the prayers of the Group and restrained PTA from taking any coercive action against the Group.

The said restraining order was dismissed by the learned single judge through a combined order dated July 27, 2018. The said order has been challenged by the Group before the Division Bench of the High Court on August 13, 2018 in High Court Appeal No. 222 of 2018. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these consolidated financial statements.

21.3 Taxation issues

21.3.1 Separate returns of total income for the Tax Year 2003 were filed by M/s Worldcall Communications Limited, M/s Worldcall Multimedia Limited, M/s Worldcall Broadband Limited and M/s Worldcall Phone Cards Limited, now merged into the Group. Such returns of income were amended by relevant officials under section 122(5A) of the Income Tax Ordinance, 2001 ("Ordinance") through separate orders. Through such amendment orders, in addition to enhancement in aggregate tax liabilities by an amount of Rs. 9.90 million, tax losses declared by the respective companies too were curtailed by an aggregate amount of Rs. 66.19 million. the Group contested such amendment orders before Commissioner Inland Revenue (Appeals) [CIR(A)] and while amendment order for Worldcall Broadband Limited was annulled, partial relief was extended by CIR(A) in respect of appeals pertaining to other companies. The appellate orders extending partial relief were further assailed by the Group before Appellate Tribunal Inland Revenue (ATIR) in January 2010, which are pending adjudication. the Group's management considers that meritorious grounds exist to support the Group's stances and expects relief from ATIR in respect of all the issues being contested. Accordingly, no adjustments / liabilities on these accounts have been incorporated / recognized in these consolidated financial statements.

21.3.2 Through amendment order passed under section 122(5A) of the Ordinance, the Group's return of total income for Tax Year 2006 was amended and declared losses were curtailed by an amount of Rs. 780.46 million. the Group's appeal filed on September 18, 2007 was not entertained by CIR(A) and the amendment order was upheld whereupon the matter was further agitated before ATIR on July 8, 2008, which is pending adjudication. the Group's management expects relief from ATIR in respect of issues involved in the relevant appeal there being valid precedents available on record supporting the Group's stance. Accordingly, no adjustment on this account has been incorporated in these consolidated financial statements.

21.3.3 A demand of Rs. 1.059 billion (including default surcharge of Rs. 325.849 million) was raised against the Group under section 161/205 of the Ordinance for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order on March 28, 2004 in usual appellate course and while first appellate authority decided certain issues in the Group's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Group before Appellate Tribunal Inland Revenue (ATIR) on May 20, 2014, at which forum, adjudication is pending. Meanwhile, department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs. 953.355 million (including default surcharge of Rs. 308.163 million). Such reassessment order was assailed by the Group in second round of litigation and the first appellate authority, through its order dated June 29, 2015, has upheld the departmental action. The management has contested this order before ATIR on August 20, 2015 for favorable outcome.

21.3.4 A sales tax demand of Rs. 167 million was raised against the Group for recovery of an allegedly inadmissible claim of sales tax refund in Tax Year 2006 filed and sanctioned under section 66 of the Sales Tax Act, 1990. the Group's appeal against such order was allowed to the extent of additional tax and penalties; however, principal amount was held against the Group by the then relevant Customs, Excise and Sales Tax Appellate Tribunal (CESTAT). the Group further assailed the issue on November 10, 2009 before LHC where the litigation is presently pending. While, recovery to the extent of 20% of principal demand of sales tax has been made by the tax authorities, an interim injunction by honorable Court debars the department for enforcing any further recovery. Since the management considers the refund to be legally admissible to the Group, no liability on this account has been recognized in these consolidated financial statements and the amount already recovered has been recorded as being receivable from the tax authorities. It is pertinent to highlight here that adverse judgment earlier passed by CESTAT no longer holds the field as through certain subsequent judgments, controversy has been decided by ATIR (forum now holding appellate jurisdiction under the law) in favor of other taxpayers operating in telecom sector. The Honourable Lahore High Court has set aside the judgment of the Tribunal on May 24, 2017 and has remanded the case for decision afresh. The Tribunal is yet to issue notice for the hearing.

21.3.5 On September 30, 2016, PRA issued show cause notice allegedly demanding Rs. 419.821 million for the periods from May 2013 to December 2013. the Group challenged imposition of sales tax on LDI services on the first appellate authority in 2016 and relief granted by Commissioner Appeals through set aside the demand created by PRA with direction of reassessment proceedings. the Group challenged these proceedings through filing a writ petition in LHC heard on February 9, 2017 on the grounds that it was unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. The Writ petition has been allowed with instructions passed by honorable Judge of Lahore High Court Lahore to PRA restraining from passing final order in pursuance of proceedings. The matter was also been taken up by other LDI operators against PRA in June 2015 before Lahore High Court on the grounds that imposition of sales tax is unconstitutional and in violation of fundamental principles of sales tax and international commitments of Government of Pakistan. Based on the advice of the Group's tax advisor, the management is of the view that the Group's case is based on meritorious grounds and hence, relief would be secured from the Court. In view of the above, provision for sales tax on LDI services aggregating Rs. 390.292 million (2017: Rs. 211.454 million) has not been made in these consolidated financial statements.

21.3.6 During the year, a demand of Rs. 95.974 million was raised against the Group through an order passed under section 161/205 of the Ordinance for the period relevant to Tax Year 2015 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order in usual appellate course and filed an appeal against this order on August 20, 2018 to Commissioner Inland Revenue, Appeals-I. The appellate authority decided certain issues in the Group's favor, major issues were remanded back to department for adjudication afresh. The Department is yet to issue a notice for fresh adjudication.

21.3.7 During the year, a demand of Rs. 127.056 million was raised against the Group through an order passed under section 161/205 of the Ordinance for the period relevant to Tax Year 2016 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The said demand was curtailed to Rs. 79.485 million through a revised demand order on account of rectification application filed by the Group. The management assailed the subject order in usual appellate course and filed an appeal against this order on June 9, 2018 to Commissioner Inland Revenue, Appeals-I. The appellate authority decided certain issues in the Group's favor, major issues were remanded back to department for adjudication afresh. The Department is yet to issue a notice for fresh adjudication.

21.4 Others

21.4.1 One of the Group's supplier has filed the suit for recovery on July 12, 2018 before the Civil Court, Lahore of certain moneys alleged to have not been paid by the Group under its agreements with the supplier. The principal claim is Rs. 18 million however the claim is inflated to Rs. 230 million on frivolous basis. the Group denies the claim and is hopeful for positive outcome. Based on the legal advice, the management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.2 Certain suppliers / vendors of the Group filed petitions November 21, 2014 during the year 2014 before LHC through which they have claimed Rs. 216.48 million receivable from the Group. Further details of the litigations have not been disclosed as it may prejudice the Group's position. the Group has denied the veracity of such claims and has also challenged the maintainability of the proceedings. Also, the Group has filed a counter petition during the year 2015 claiming Rs. 315.178 million receivable from one of the above suppliers / vendors under the same contract against which the supplier has claimed its dues. the Group had to deposit an amount of Rs. 20 million in the Court in respect of this case. Based on the advice of the Group's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Group.

21.4.3 One of Company's supplier and its allied international identities who had filed winding up petition dated October 16, 2017 before LHC and claim of Rs. 64.835 million and USD 4.869 million which was dismissed during the year on September 26, 2018, has now filed civil suit before Islamabad Civil Court dated September 17, 2018 for recovery of USD 12.3 million and Rs. 68 million along with damages of USD 20 million. the Group has already filed suit for recovery of USD 93.3 million against this supplier for default in performance of agreements before Civil Court, Lahore in August 2017. the Group has also filed another suit before Civil Court, Lahore for recovery of Rs. 1.5 billion for causing damage to the Group for filing frivolous winding up petition. Based on the legal advice, the management is of the view that it is unlikely that any claim of said supplier will materialize.

21.4.4 the Group acquired Indefeasible Right to Use ("IRU") of media and related Operations and Maintenance Services ("O&M") from one of the Group's suppliers through an agreement entered in August 2011. An agreement between the parties was reached in April 2015 for the payment against O&M services whereby it was decided that monthly payments in respect of O&M will be made by the Group and other deliverables under IRU agreement shall be mutually agreed by June 30, 2016. However, the supplier illegally and violating the terms for the Agreement, disconnected its services to the Group and filed a Civil Suit before the Sindh High Court in October 2016 for recovery of dues amounting to USD 7.03 million equivalent to Rs. 977.873 million along with mark up @ 15% amounting to USD 1.58 million equivalent to Rs. 219.778 million, allegedly due under the stated agreement. The subject suit is pending adjudication.

The management believes that supplier's claim is invalid since it relates to the un-utilized future period and for the media which has never been provisioned as required under the Agreement and the supplier is/was under contractual obligation to provide (media) to the Group. That, a net sum of USD 2.977 million is due and payable by Supplier to WTL, in respect of reimbursement and refund obligation under and pursuant to the IRU Contract. The net sum is calculated on the basis of actual utilization of the capacity calculated on pro rata basis hence WTL was/is entitled to and Supplier was/is liable to refund USD 2.977 million within 90 days of the termination of the IRU instead of claiming USD 7.03 million. The subject media / services have never been provisioned therefore the Supplier is not entitled to claim any amount for media or services. As the Group holds an indefeasible right to use the supplier's media for the contract duration of 15 years, early and unilateral termination of services by supplier, amounts to a breach. Under these circumstances, the Group under the express contractual rights have claimed the amounts pertaining to (i) media which has yet not been delivered, and (ii) un-utilized future period on a prorata basis, as required under the terms and conditions of the Agreement. Moreover, the Supplier is also liable to make payments to the Group on account of different services received from the Group. the Group has filed an application before SHC in January 2017 under section 34 of the Arbitration Act, 1940 to refer the matter to Arbitrator as per the dispute resolution mechanism provided in the agreement dated 2011. Based on the advice of the Group's legal counsel, the management is of the view that it is unlikely that any adverse order pertaining to the Supplier's Claim will be passed against the Group.

		2018	2017
		--------------(Rupees in '000)--------------	
21.5	Outstanding guarantees and letters of credit	349,100	356,288

Commitments

21.6	Commitments in respect of capital expenditure	138,330	16,597
	Operating lease commitments	114,966	-

Note 22
Property, Plant and Equipment

	Note	2018	2017
		(Rupees in '000)	
Operating fixed assets	22.1	8,223,461	6,814,020
Capital work-in-progress	22.2	56,401	110,703
		8,279,862	6,924,723

22.1 Operating fixed assets

	Note	Owned assets: Freehold Land	Owned assets: Building on Freehold Land	Owned assets: Leasehold Improvements	Owned assets: Plant and Equipment	Owned assets: Office Equipment	Owned assets: Computers	Owned assets: Furniture and Fixtures	Owned assets: Vehicles	Owned assets: Laboratory and Other Equipment	Owned assets: Sub-total	Leased assets: Plant and Equipment	Leased assets: Vehicles	Leased assets: Sub-total	Total
		(Rupees in '000)													
Cost / Revalued Amount															
Balance as at December 31, 2016		19,800	97,500	134,691	12,880,424	100,146	180,822	23,733	44,476	21,180	13,502,772	518,514	4,877	523,391	14,026,163
Additions during the year		-	-	23,422	57,376	6,243	2,366	8,834	-	760	99,001	-	-	-	99,001
Transfers from leased assets		-	-	-	-	-	-	-	4,877	-	4,877	-	(4,877)	(4,877)	-
Disposals / settlement during the year	22.1.9	-	-	-	(733,084)	-	(2,015)	-	(6,012)	-	(741,111)	-	-	-	(741,111)
Balance as at December 31, 2017		**19,800**	**97,500**	**158,113**	**12,204,716**	**106,389**	**181,173**	**32,567**	**43,341**	**21,940**	**12,865,539**	**518,514**	**-**	**518,514**	**13,384,053**
Additions during the year		-	-	5,500	133,306	5,508	5,229	909	-	106	150,558	720,000	-	720,000	870,558
Acquisition of subsidiary during the year		-	-	2,968	-	964	208	832	-	-	4,972	-	-	-	4,972
Disposals / settlement during the year	22.1.9	(19,800)	-	(272)	(3,923,874)	(7,660)	(8,154)	(620)	(8,910)	-	(3,969,290)	-	-	-	(3,969,290)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)	-	-	-	(1,453,862)
Revaluation surplus during the year		-	-	-	1,340,623	-	-	-	-	-	1,340,623	-	-	-	1,340,623
Assets written off due to fire		-	-	-	(664)	(273)	-	-	-	-	(937)	-	-	-	(937)
Balance as at December 31, 2018		**-**	**97,500**	**166,309**	**8,300,245**	**104,928**	**178,456**	**33,688**	**34,431**	**22,046**	**8,937,603**	**1,238,514**	**-**	**1,238,514**	**10,176,117**
Depreciation and Impairment															
Balance as at December 31, 2016		-	10,156	115,865	5,438,405	81,389	180,437	22,611	44,476	18,819	5,912,158	153,557	2,521	156,078	6,068,236
Depreciation for the year		-	4,875	6,538	620,320	6,460	2,008	1,485	545	25	642,256	31,104	975	32,079	674,335
Transfers from leased assets		-	-	-	-	-	-	-	3,496	-	3,496	-	(3,496)	(3,496)	-
Depreciation on disposals / settlement	22.1.9	-	-	-	(164,944)	-	(1,582)	-	(6,012)	-	(172,538)	-	-	-	(172,538)
Balance as at December 31, 2017		**-**	**15,031**	**122,403**	**5,893,781**	**87,849**	**180,863**	**24,096**	**42,505**	**18,844**	**6,385,372**	**184,661**	**-**	**184,661**	**6,570,033**
Acquisition of subsidiary during the year		-	-	371	-	168	78	156	-	-	773	-	-	-	773
Depreciation for the year		-	4,875	8,474	659,528	5,940	2,324	1,942	308	165	683,556	52,107	-	52,107	735,663
Depreciation on disposals	22.1.9	-	-	(272)	(3,874,661)	(7,647)	(8,096)	(621)	(8,382)	-	(3,899,679)	-	-	-	(3,899,679)
Elimination of accumulated depreciation against cost on revaluation		-	-	-	(1,453,862)	-	-	-	-	-	(1,453,862)	-	-	-	(1,453,862)
Assets written off due to fire		-	-	-	(152)	(120)	-	-	-	-	(272)	-	-	-	(272)
Balance as at December 31, 2018		**-**	**19,906**	**130,976**	**1,224,634**	**86,190**	**175,169**	**25,573**	**34,431**	**19,009**	**1,715,888**	**236,768**	**-**	**236,768**	**1,952,656**
Book value as at December 31, 2018		**-**	**77,594**	**35,333**	**7,075,611**	**18,738**	**3,287**	**8,115**	**-**	**3,037**	**7,221,715**	**1,001,746**	**-**	**1,001,746**	**8,223,461**
Book value as at December 31, 2017		19,800	82,469	35,710	6,310,935	18,540	310	8,471	836	3,096	6,480,167	333,853	-	333,853	6,814,020
Annual rate of depreciation (%)		-	5	10 to 20	5 to 33	10 - 15	30 - 33.33	10 - 15	20	20		5 to 33	20		

22.1.1 Building of the Group is situated at Suit # 302, 303, 304, The Plaza, G-7 Block -9, Clifton, Karachi. The building covers an area of 8,017 Sq. Ft.

22.1.2 Following assets acquired with the funds of the Group are not in the possession / control of the Group because of their specific nature as these have to be handed over to customers for their use:

Sr. No.	Description	Net Book Value (Rs. in '000')	Persons in whose possession
1	USB Sticks	-	Customers
2	Customer / Premises Equipment (CPE)	266,229	Customers

22.1.3 Revaluation has been carried out during the year on October 01, 2018 by an independent professional valuer M/s Arch-E'-Decon that resulted in revaluation gain of Rs. 1.341 billion. Forced sale of value of revalued plant and equipment is estimated at Rs. 6.774 billion.

	Fair value measurement of Plant and Equipment using significant unobservable inputs (Level 3)	
	2018	2017
	--------------(Rupees in '000)--------------	
Recurring fair value measurements		
Plant and equipment (owned)	7,075,611	6,310,935

There are no level 1 or 2 assets and there are no transfers between levels 1 and 2 during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 items for the year ended December 31, 2018 for recurring fair value measurements:

	LDI and Broadband Operations	WLL Operations	Total
	------------------- (Rupees in '000) -------------------		
Balance as at December 31, 2017	6,110,263	200,672	6,310,935
Additions	133,306	-	133,306
Disposals	(49,213)	-	(49,213)
Depreciation	(609,823)	(49,705)	(659,528)
Assets written off due to fire	(512)	-	(512)
Revaluation surplus recognized in other comprehensive income	1,340,623	-	1,340,623
Balance as at December 31, 2018	6,924,644	150,967	7,075,611

Valuation techniques used to derive level 3 fair values

the Group obtains independent valuations for its plant and equipment (owned) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of plant and equipment (owned) relating to LDI and Broadband operations has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of plant and equipment of similar make / origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear and remaining useful lives of the assets. Level 3 fair value of plant and equipment (owned) relating to WLL operations has been mainly derived using the sales comparison approach. Sale prices of comparable assets are adjusted for differences in key attributes such as condition and location of assets.

Valuation inputs and relationship to fair value

Qualitative information about the significant unobservable inputs used in level 3 fair value measurements and their sensitivity analysis is as under:

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Plant and Equipment (Owned) - LDI and Broadband Operations	The valuation done on the basis of its respective rating and nameplate data with adjustments for age and remaining life of the assets. Condition based analysis of operating equipment is a key parameter of valuation process. Cost of acquisition of similar plant and equipment with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on normal wear and tear and remaining useful lives of plant and machinery. Both Physical and functional depreciation of facility is taken into consideration while determining remaining life. Remaining useful lives have been estimated from 1 to 20 years. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Plant and Equipment (Owned) - WLL Operations	Rating, nameplate data and fundamental technical characteristics of plant and equipment. Prevalent market prices for these assets.	The market value has been determined by applying prevalent market prices to the rating, nameplate data and fundamental technical characteristics of plant and equipment. Higher the market price, higher the fair value.

22.1.4 The carrying amount of temporarily idle property, plant and equipment amounts to Rs. 145.971 million (2017: Rs. 195.675 million)

The cost / revalued amount of fully depreciated property, plant and equipment that is still in use of the Group amounts to Rs. 121.728 million (2017: Rs. 114.286 million)

22.1.5 Worldcall WLL business had been continuously facing challenges due to economic conditions and availability of better contemporary technologies. During the last year, in order to reduce fixed network operational cost, certain towers were sold / settled to Towershare (Private) Limited (Towershare) and certain other landlords against advances received and outstanding rent payable. This initiative resulted in settlement of liabilities and saving certain fixed network operational cost. Detail of carrying values adjusted under this disposal / settlement is as follows:

	2018	2017
	(Rupees in '000)	
Book value of tower sites disposed / settled	-	568,140
Adjusted accrued rent liability disclosed in trade and other payables	-	(623,949)
Adjusted advance received from Towershare disclosed in trade and other payables	-	(46,353)
Resultant gain on disposal arrangement	-	(102,162)

22.1.6 Carrying values of property, plant and equipment and current assets having charge against borrowings amount to Rs. 12.801 billion (2017: Rs. 10.727 billion).

22.1.7 Had there been no revaluation, the net book value of plant and equipment (owned) would have amounted to Rs. 4,369.99 million (2017: 4,718.16 million)

22.1.8 Land measuring around 44.25 Marlas situated at Central Park Housing Society, Lahore is in ownership of the Group but has not been recorded in these consolidated financial statements as title of the land has yet not been transferred in the name of the Group. The land is in the name of Mr. Sohail Qadir and values Rs. 6.292 million. The title of the land could not be transferred in the Group's name due to some legal complications.

22.1.9 Disposal of operating fixed assets

Particulars	Name of Buyer along with Relationship with the Group or any Director of the Group (if any)	Cost / Revalued Amount	Accumulated Depreciation and Impairment	Written Down Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal
		(Rupees in '000)					
Land	Mr. Nadeem Khan	19,800	-	19,800	16,500	(3,300)	Negotiation
Plant and Equipment							
Fiber Cable	Connect Communications (Private) Limited	52,708	4,792	47,916	-	-	Lease of Fiber
Vehicle							
Honda Civic	Mr. Murtaza Raza - Director of the Group	2,641	2,113	528	528	-	As per Company Policy
Assets with book value less than Rs. 500,000		3,895,078	3,893,046	2,032	17,867	15,835	
	2018	**3,970,227**	**3,899,951**	**70,276**	**34,895**	**12,535**	
	2017	741,111	172,538	568,573	673,698	105,125	

	Note	2018	2017
		--------------(Rupees in '000)--------------	
22.2 Capital work-in-progress ("CWIP")			
Advances to suppliers		52,805	62,975
Plant and equipment		3,596	47,728
	22.2.1	56,401	110,703

22.2.1 The reconciliation of the carrying amount is as follows:

	Note	2018	2017
Opening balance		110,703	118,372
Additions during the year		69,288	84,750
Transfers during the year		(123,266)	(66,828)
Written off during the year	42	(324)	(25,591)
Closing balance		56,401	110,703

Note 23

Intangible Assets

	Note	Licenses	Patents and copyrights	IRU - media cost	Softwares	Goodwill	Total
		- - - - - - - - - -	- - - - - -	- - - (Rupees in '000)	- - - - - -	- - - - - -	
Cost / Revalued Amount							
Balance as at December 31, 2016		3,081,005	5,333	784,800	11,280	2,690,403	6,572,821
Additions / (deletions) during the year		1,750	-	-	-	-	1,750
Balance as at December 31, 2017		**3,082,755**	**5,333**	**784,800**	**11,280**	**2,690,403**	**6,574,571**
Acquisition of subsidiary during the year		-	-	-	320	46.303	46,623
Additions / (deletions) during the year		-	-	-	-	-	-
Balance as at December 31, 2018		**3,082,755**	**5,333**	**784,800**	**11,600**	**2,736,706**	**6,621,194**
Amortization and Impairment							
Balance as at December 31, 2016		471,580	5,333	309,304	7,481	2,690,403	3,484,101
Amortization for the year	42	337,716	-	52,268	2,850		392,834
Balance as at December 31, 2017		809,296	5,333	361,572	10,331	2,690,403	3,876,935
Acquisition of subsidiary during the year		-	-	-	120	-	100
Amortization for the year	42	337,768	-	52,268	989	-	391,045
Balance as at December 31, 2018		**1,147,064**	**5,333**	**413,840**	**11,440**	**2,690,403**	**4,268,080**
Book value as at December 31, 2017		2,273,459	-	423,228	949	-	2,697,636
Book value as at December 31, 2018		**1,935,691**	**-**	**370,960**	**160**	**46,303**	**2,353,114**
Annual amortization rate (%)		5 to 20	10	6.67	20 to 25	10	

23.1 During the current year, licenses and softwares were revalued by an independent professional valuer, on October 1, 2018 which resulted in no revaluation surplus. The table below analyses the non-financial assets carried at fair value, by valuation method.

	2018	2017
	--------------(Rupees in '000)--------------	
Recurring fair value measurements of following items of intangible assets		
Licenses	1,935,691	2,273,459
Softwares	160	949
	1,935,851	2,274,408

There are no level 1 and level 2 assets and hence no transfers between levels 1 and 2 during the year. During 2017, fair value measurement of licenses and softwares was transferred from level 2 to 3 due to significant adjustments to valuation inputs on account of the Group's specific circumstances, operational uses and future prospects of these assets to reflect a more realistic fair value estimate.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for recurring fair value measurements:

	Licenses and Softwares	
	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	2,274,408	2,613,224
Revaluation surplus arising during the year recognized in other comprehensive income	-	-
Additions during the year	-	1,750
Amortization charged during the year	(338,757)	(340,566)
Closing balance	1,935,651	2,274,408

Valuation techniques used to derive level 3 fair values:

the Group obtains independent valuations for its intangible assets (licenses and software) at regular intervals. At the end of each reporting period, the management updates its assessment of the fair value of these assets, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 3 fair value of licenses and softwares has been mainly derived using the sales comparison approach. Auction prices of comparable assets are adjusted for differences in key attributes such as frequency and region of the assets.

Valuation inputs and relationship to fair value

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Inputs	Quantitative Data / Range and Relationship to the Fair Value
Licenses and Softwares	Auction prices for recently issued comparable licenses, market value, technical characteristics and continuing use of licenses is considered while revaluing licenses. Market value and assessment of continuing use is considered for revaluation of software.	Intangibles assets has been revalued using market value as benchmark. The market value has been determined by applying recent auction prices to the fundamental technical characteristics of WLL licenses. Higher the auction price, higher the fair value. Fundamental technical characteristics of WLL licenses such as frequency and region.

23.2 During the year, the Group acquired wholly owned subsidiary, Route 1 Digital (Private) Limited. Goodwill arose on this acquisition which has been worked out as follows:

	Amount in '000	
Consideration paid		5,000
Add: Present value of deferred consideration		45,000
		50,000
Less: Fair value of net assets of subsidiary at acquisition:		
Property and equipment	4,129	
Intangible Assets	220	
Trade Receivables	83	
Advance Tax	6	
Cash and bank balances	699	
Trade Creditors	(62)	
Other Liabilities	(1,378)	
		(3,697)
Goodwill		46,303

23.21 Had there been no revaluation, the net book value of licenses and softwares would have amounted to Rs. 717.09 million (2017: Rs. 840.89 million).

23.31 Licenses of the Group are encumbered with IGI Investment Bank Limited, trustee of TFC holders, as disclosed in Note 11.

Note 24

Investment Properties

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		45,800	38,520
Fair value adjustment recognized in profit or loss	24.1	4,410	7,280
Closing balance		50,210	45,800

24.1 As of the reporting date, investment properties comprise land. Latest valuation of these properties was carried out on December 31, 2018 by an approved independent valuer. The valuation was carried using sales comparison approach which resulted in fair value gain of Rs. 4.410 million.

the Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value of the investment property of the Group is determined using significant other observable inputs [level 2].

24.2 Particulars of investment properties of the Group are as follows:

Sr. No.	Particulars	Location	Area	Forced Sale Value (Rupees in '000)
1	13 Plots	Super Dream, K.T. Bundar Road, Gharo, Sindh	9600 Sq. Yd.	25,728
2	2 Plots	Windmill Villas, K.T. Bundar Road, Gharo, Sindh	1800 Sq. Yd.	4,824
3	6 Plots	Super Highway, Noriabad, Sindh	1200 Sq. Yd.	3,216
4	2 Plots	Peace City Farm Houses, District Rawalpindi	8000 Sq. Yd.	6,400
				40,168

Recurring fair value measurements

There are no level 1 and level 3 assets or transfers between levels 1, 2 and 3 during 2018.

Valuation techniques used to derive level 2 fair values

At the end of each reporting period, the management updates its assessment of the fair value of investment properties, taking into account the most recent independent valuation. The management determines the properties' value within a range of reasonable fair value estimates. Level 2 fair value of investment properties has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Note 25

Long Term Trade Receivable

This represents receivable against the sale of "Optical Fiber Cable" stated at amortized cost using effective interest rate of 16% per annum.

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		250,518	232,500
Unwinding of discount	40.1	19,997	18,018
		270,515	250,518
Less: current and overdue portion		(215,937)	(185,278)
		54,578	65,240

Note 26

Deferred Taxation

	2018	2017
	--------------(Rupees in '000)--------------	
Asset for deferred taxation comprising temporary differences related to:		
-Unused tax losses	3,906,595	3,906,595
-Provision for doubtful debts	577,835	583,755
-Post employment benefits	67,461	72,672
-Provision for stores and spares & stock-in-trade	15,375	71,161
-Provision for doubtful advances and other receivables	69,494	52,603
Liability for deferred taxation comprising temporary differences related to:		
-Accelerated tax depreciation	(1,398,356)	(1,011,524)
-Surplus on revaluation of fixed assets	(672,792)	(318,920)
-Accelerated tax amortization	(259,822)	(661,603)
-Long term trade receivables	(15,276)	(23,118)
-Leasehold improvements	(9,890)	(10,249)
	2,281,289	2,661,372

Deferred tax asset on tax losses available for carry forward has been recognized to the extent that the realization of related tax benefit is probable from reversal of existing taxable temporary differences and future taxable profit. Management's assertion of future taxable profit is mainly based on income due to write back of liabilities and monetary support from the majority shareholder as explained in detail in note 2.2 to these consolidated financial statements.

Being prudent, the Group has not recognized deferred tax assets of Rs. 2,414.745 million (2017: 2,361.479 million) in respect of unused tax depreciation and amortization losses and Rs. 282.2 million (2017: Rs. 246.243 million) in respect of alternate corporate tax available for carry forward under section 113C of the Income Tax Ordinance, 2001 ("ITO"), as sufficient taxable profits would not be available to utilize these in the foreseeable future. Alternate corporate tax available for carry forward under section 113C of the ITO would expire as follows:

Accounting year to which Alternate Corporate Tax relates	Amount of Alternate Corporate Tax (Rupees in '000)	Accounting year in which Alternate Corporate Tax will expire
2017	246,243	2027
2018	34,262	2028

The gross movement in net deferred tax asset during the year is as follows:

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		2,661,372	2,531,937
Deferred tax on surplus on revaluation of fixed assets		(353,872)	-
Charged to other comprehensive income		(1,510)	10,610
Charged to the statement of profit or loss	44	(38,161)	118,825
Closing balance		2,267,829	2,661,372

Note 27

Long Term Loans

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Loans to employees [secured - considered good]:			
- Executives	27.1	585	6,731
- Others		2,173	2,865
		2,758	9,596
Current portion:			
- Executives		(585)	(3,869)
- Others		(2,173)	(2,837)
		(2,758)	(6,706)
		-	2,890

27.1 Executives	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	6,731	4,377
Disbursements during the year	1,166	2,394
	7,897	6,771
Repayments / adjustments during the year	(7,312)	(40)
	585	6,731

These loans and advances have been made in accordance with the requirements under the Companies Act, 2017. These represented interest free loans given for various purposes, such as construction of houses and other personal needs as per the Group's policy. These are secured against gratuity and are recoverable within a period of three years from the date of disbursement through monthly deductions from salary. Maximum aggregate balance due at the end of any month during the year was Rs. 6.93 million (2017: Rs. 6.77 million).

Note 28

Long Term Deposits

	2018	2017
	--------------(Rupees in '000)--------------	
Security deposits with:		
- Rented premises	35,106	33,940
- Utilities	960	960
- Others	10,611	10,611
	46,677	45,511

Note 29

Stores and Spares

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cost		110,967	126,597
Less: Provision for obsolete/slow-moving items	29.1	(50,306)	(50,306)
		60,661	76,291

29.1 Provision for obsolete/slow-moving items

	Note	2018	2017
Opening balance		50,306	39,906
Add: Provision for the year	38	-	10,400
Closing balance		50,306	50,306

Note 30

Stock-in-Trade

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cost		209,401	273,490
Less: Provision for obsolete/slow-moving stock-in-trade	30.1	(4,624)	(206,232)
		204,777	67,258

30.1 Provision for obsolete/slow-moving stock-in-trade

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		206,232	206,200
Add: Provision for the year	38	-	32
Add: Reversal during the year	30.2	(201,608)	-
Closing balance		4,624	206,232

30.2 Reasons for Reversal

During the year, the Group has entered into an agreement with a party to sell optic fiber duct of some portion of entire running length included in stock-in-trade. This marketability is indicative of significant increase in NRV.

Note 31
Trade Debts

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Considered good - unsecured		1,674,755	1,075,745
Considered doubtful - unsecured		2,064,433	2,033,988
		3,739,188	3,109,733
Less: Provision for doubtful debts	31.1	(2,064,433)	(2,033,988)
		1,674,755	1,075,745

31.1 Provision for doubtful debts

	Note	2018	2017
Opening balance		2,033,988	2,076,898
Charged during the year	41	30,445	2,005
		2,064,433	2,078,903
Less: Bad debts written off		-	(44,915)
Closing balance		2,064,433	2,033,988

Note 32
Loans and Advances

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Advances to employees - considered good	32.1	52,555	46,183
Current portion of long term loans to employees	27	2,758	6,706
Advances to PTA - considered good	32.2	40,000	40,000
		95,313	92,889
Advances to suppliers:			
- Considered good		108,184	78,822
- Considered doubtful		176,226	111,229
		284,410	190,051
Less: Provision for doubtful advances	32.3	(176,226)	(111,229)
		108,184	78,822
		203,497	171,711

32.1 This includes advances given to executives amounting to Rs. 26.076 million (2017: Rs. 28.87 million) out of which Rs. 12.46 million (2017: Rs. 11.3 million) represents advances given to key management personnel of the Group.

32.2 This represents amount paid against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand amounting to Rs. 223.34 million vide its determination dated February 22, 2010. Being aggrieved, the Group's management preferred an appeal before the Honorable Lahore High Court ("LHC") against the PTA's determination. LHC granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Group. Based on the advice of the Group's legal counsel, the Group's management feels that there are strong grounds to defend the Group's position and the ultimate decision would be in the Group's favor, therefore, this advance is considered unimpaired as at the reporting date.

32.3 Provision for doubtful advances

	2018	2017
	--------------(Rupees in '000)--------------	
Opening balance	111,229	114,612
Charged during the year	66,800	-
Less: reversal / written off during the year	(1,803)	(3,383)
Closing balance	176,226	111,229

Note 33
Deposits and Prepayments

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Deposit in Escrow Account	33.1	412,394	398,149
Margin and other deposits	33.2	46,171	25,355
Prepayments	33.3	14,935	20,297
		473,500	443,801

33.1 The telecom operators challenged the legality of Access Promotion Contribution (APC) for Universal Service Fund (USF), as levied by PTA in 2009, and the dispute was finally decided by the honorable Supreme Court in December 2015. During pendency of the court proceedings, International Clearing House (ICH) agreement was signed in 2012, whereby it was decided that regular contributions for APC, based on each operator's share under the ICH agreement, shall be made by LDI operators in an Escrow Account maintained with PTCL. The balance in savings accounts includes Rs. 412.39 million (2017: Rs. 398.15 million) accumulated in Escrow Account as per this understanding.

The formation of ICH was declared anti-competitive by the Competition Commission of Pakistan, and resultantly PTA issued a policy directive in June 2014 terminating ICH arrangement. Some operators challenged this termination and obtained interim relief from Sindh High Court and Lahore High Court. However, Supreme Court adjudicated the matter in February 2015 in favor of termination of ICH, and pursuant upon this, PTA issued its notification of termination of ICH arrangement. As of now, the mechanism of the adjustment of the amount available in Escrow Account remains to be finalized.

33.2 These include deposits placed with banks against various guarantees and letters of credit. This amount also includes Rs. 20 million deposited in a Court of Law as disclosed in note 21.4.2.

33.3 This includes annual cable license fee prepaid to PEMRA amounting to Rs. 1.31 million (2017: Rs. 6.55 million).

Note 34
Short Term Investments - Available-for-Sale

	2018	2017	2018	2017
	------No. of Shares ------		-----------(Rupees in '000)-----------	
The Bank of Punjab	10,528	10,528	126	87
Orix Leasing Pakistan Limited	13,083	10,903	343	453
Shaheen Insurance Company Limited	3,136,963	3,136,963	12,705	15,685
First Capital Securities Corporation Limited	3,991,754	3,991,754	6,307	6,786
Pace (Pakistan) Limited	6,959,290	6,959,290	14,267	28,811
Media Times Limited	4,199,500	4,199,500	4,367	7,139
			38,115	58,961

34.1 All shares have a face value of Rs. 10 each.

Note 35
Other Receivables

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Due from related parties - considered good	35.1	28,451	105
Other receivables - considered good	35.2	52,660	49,153
Other receivables - considered doubtful		72,055	72,055
		153,166	121,313
Less: Provision for doubtful receivables	35.3	(72,055)	(72,055)
		81,111	49,258

35.1 Due from related parties

	2018	2017
	--------------(Rupees in '000)--------------	
These relate to normal business of the Group. These amounts are due from the followings:		
Worldcall Business Solutions (Private) Limited	27,211	105
Worldcall Cable (Private) Limited	1,240	-
	28,451	105

Maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances was Rs. 36.22 million (2017: Rs. 0.105 million).

35.1.1 Aging of the balances due from related parties is as follow:

Upto 1 year	1 to 2 years	2 to 3 years	Over 3 years
--------------- Rupees in '000 ---------------			
28,346	105	-	-

35.2 This includes receivable aggregating Rs. 3.64 million (2017: Rs. 2.47 million) in respect of insurance claim for assets destroyed in fire and Rs. 46.2 million (2017: Rs. 46.2 million) receivable from Pace Pakistan Limited.

35.3 Provision for doubtful receivables

		2018	2017
		--------------(Rupees in '000)--------------	
Opening balance		72,055	72,055
Charged during the year	41	-	-
Closing balance		72,055	72,055

Note 36

Cash and Bank Balances

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Cash at bank:			
- Current accounts		897	2,602
- Savings accounts	36.1	2,623	7,366
		3,520	9,968
Cash in hand		2,840	3,284
Pay orders in hand		1,000	8,968
		7,360	22,220

36.1 The balances in savings accounts bear mark up at the rates ranging from 3.35% to 6% (2017: 3% to 5%) per annum.

36.2 As at the reporting date, the Group had available Rs. 24.542 million (2017: Rs. 23.064 million) of yet-to-be-drawn available / committed borrowing facilities.

Note 37

Revenue - net

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Gross revenue	37.1	4,479,491	2,433,507
Less: Sales tax		(92,304)	(86,902)
Less: Discount and commission		(28,580)	(24,855)
		(120,884)	(111,757)
		4,358,607	2,321,750

37.1 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 an IRU for 20 years.

Note 38

Direct Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	38.1	242,017	214,915
Interconnect, settlement and other charges		1,967,937	1,106,018
PTCL share cost	38.2	6,018	23,953
Bandwidth and other PTCL charges		235,235	160,237
Power consumption and rent	38.3	131,232	153,062
Security services		4,034	9,087
PTA charges	38.4	15,945	13,166
Cable license fee		26,199	24,254
Stores and spares consumed		25,585	17,273
Stock in trade consumed		64,089	-
Annual spectrum fee		34,558	34,558
Content cost		8,209	14,263
Network maintenance and insurance		54,712	91,525
Network partner share		29,237	28,179
Fees and subscriptions		39,188	9,667
Revenue share cost		95,640	45,000
Metro fiber cost		47,916	-
SMS bundle cost		1,652	-
Others		2,919	2,570
		3,032,322	1,947,727

38.1 This includes contribution to gratuity amounting to Rs. 23.092 million (2017: Rs. 22.903 million) and accumulated leave absences amounting to Rs. 1.179 million (2017: Rs. 0.726 million).

38.2 This represents PTCL share cost determined under Revenue Sharing Agreement for WLL network services.

38.3 This includes operating lease rentals amounting to Rs. 65.079 million (2017: Rs. 73.048 million).

38.4 This represents PTA charges in respect of the following:

LDI license	38.4.1	11,471	10,171
WLL license - royalty fee		19	74
Broadband license		4,199	2,783
Telephony license	38.4.2	6	25
Annual numbering charges		228	113
Testing fee paid to PTA		22	-
		15,945	13,166

38.4.1 This represents LDI license charges in respect of the following:

	2018	2017
	--------------(Rupees in '000)--------------	
Universal Service Fund	6,883	6,103
Research and Development Fund	2,294	2,034
Annual Regulatory Fee	2,294	2,034
	11,471	10,171

38.4.2 This represents Telephony license charges in respect of the following:

Universal Service Fund	4	15
Research and Development Fund	1	5
Annual Regulatory Fee	1	5
	6	25

Note 39

Operating Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Salaries, wages and benefits	39.1	384,909	303,217
Rent, rates and taxes	39.2	50,615	46,686
Travelling and conveyance		77,421	60,532
Legal and professional		37,814	46,320
Utilities		19,958	22,314
Transportation		24,560	19,747
Communications		11,340	11,976
Repairs and maintenance		13,824	15,333
Fees and subscriptions	39.3	21,469	10,742
Marketing, advertisement and selling expenses		9,822	4,491
Insurance		6,788	9,014
Printing and stationery		5,278	4,217
Business promotion and entertainment		41,208	34,942
Directors' meeting expenses		4,411	1,541
Postage and courier		795	875
Newspapers and periodicals		225	188
Security services		15,277	15,425
Miscellaneous		6,369	7,720
		732,083	615,280

39.1 This includes contribution to gratuity amounting to Rs. 30.196 million (2017: Rs. 26.845 million) and accumulated leave absences amounting to Rs. 1.971 million (2017: Rs. 6.117 million).

39.2 This includes operating lease rentals amounting to Rs. 47.4 million (2017: Rs. 46.38 million).

39.3 This includes fee paid to Central Depository Company, Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan amounting to Rs. 13.94 million (2017: 3.29 million) on account of conversion of preference shares.

Note 40
Other Income -net

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Income on deposit and savings accounts		17,913	18,130
Adjustment due to impact of IAS-39	40.1	606,240	42,125
Scrap sales		1,350	4,184
Gain on disposal of property, plant and equipment		12,535	105,125
Change in fair value of investment properties		4,410	7,280
Liabilities written back:			
- Liabilities towards the former Parent Company - Omantel	17.3.1	-	3,085,841
- Receipts from the former Parent Company - Omantel under SPA		-	1,204,526
- Loan from National Bank of Oman	12.1	-	3,668,000
- Excess provisions written back during the year		394,998	6,359
- TFC penalty written back during the year		118,756	-
- Liabilities written back on settlement with parties		204,639	-
		718,393	7,964,726
Reversals of provision for:			
- Stock in trade	30.1	201,608	-
- Advances to suppliers	32.3	1,803	3,384
		203,411	3,384
Dividend income		33	-
Insurance claim		8,744	-
Miscellaneous		82	246
		1,573,111	8,145,200

40.1 Breakup is as follows:

	Note	2018	2017
Discounting impact of sponsor's loan	13.2	382,706	24,107
Discounting impact of long term deposit	16	11,420	-
Discounting impact of liability for term finance certificates	11	192,117	-
Unwinding impact of long term trade receivable	25	19,997	18,018
		606,240	42,125

Note 41
Other Expenses

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Early termination charges		-	97,940
Exchange loss - net		127,247	104,499
Capital work in progress written off during the year	22.2.1	324	25,591
Provision for stores and spares	29.1	-	10,400
Auditors' remuneration	41.1	4,615	3,300
Provision for doubtful debts	31.1	30,445	2,005
Provision for doubtful advances	32.3	66,800	-
Provision for stock-in-trade	31.1	-	32
Restructuring fee for TFC		15,250	-
Fine and penalties		118	-
		244,799	243,767

41.1 Auditors' remuneration

	2018	2017
Statutory audit	2,025	1,750
Half year review	900	750
Other assurance services	165	150
Out of pocket expenses	400	350
Certifications	1,125	300
	4,615	3,300

Note 42

Depreciation and Amortization

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Depreciation	22.1	735,663	674,335
Amortization	23	391,045	392,834
		1,126,708	1,067,169

Note 43

Finance Cost

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Mark up on term finance certificates		117,235	168,681
Management and advisory fee	43.1	-	86,844
Mark up on long term financing		5,970	13,321
Markup on sponsor's loan		30,278	28,607
Mark up on short term borrowings		50,414	44,658
Finance charge on lease liabilities		-	23
Unwinding of discount on sponsor's loan	13.2	24,107	-
Bank charges and commission		5,519	5,560
		233,523	347,694

43.1 This includes Rs. Nil (2017: Rs. 86.84 million) for management fee in respect of CPS to the former Parent Company.

Note 44

Taxation

	Note	2018	2017
		--------------(Rupees in '000)--------------	
Current			
- For the year	44.1	98,624	276,517
- Prior years		-	(14,139)
		96,909	262,378
Deferred		24,701	(118,825)
		123,325	143,553

44.1 The provision for current taxation represents Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001 (ITO) and minimum / final tax under the provisions of ITO on deductible services, as applicable.

44.2 the Group computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. A comparison of last three years of income tax provision with tax assessed is presented below:

Accounting Year	Provision for Taxation	Tax Assessed as per Return	Excess
	--------------(Rupees in '000)--------------		
2017	276,517	30,274	246,243
2016	46,239	32,100	14,139
2015	45,687	22,695	22,992
	368,443	85,069	283,374

For 2017, the excess mainly pertains to alternate corporate tax provisions recorded in the consolidated financial statements which have not become due as the Group did not admit its liability in the tax return.

44.3 The relationship between income tax expense and acccounting profit has not been presented in these consolidated financial statements as the provision for taxation for the current year is based on minimum tax under the Income Tax Ordinance, 2001.

Note 45

(Loss) / Earnings per Share - Basic and Diluted

		2018	2017
		--------------(Rupees in '000)--------------	
45.1 Basic (loss) / earnings per share attributable to Parent Company:			
Net Profit for the Year attributable to Parent Company		438,975	6,101,760
Adjustments for:			
- Dividend on CPS		(247,704)	(258,700)
- Exchange loss on CPS		(463,790)	(180,302)
		(711,494)	(439,002)
(Loss) / profit attributable to equity holers of the Parent Company		(272,519)	5,662,758
Weighted average number of ordinary shares	Number in '000	1,479,155	917,022
Basic (loss) / earnings per share attributable to Parent Company	Rupees	(0.18)	6.18
45.2 Diluted (loss) / earnings per share attributable to Parent Company:			
(Loss) / profit attributable to equity holers of the Parent Company		(272,519)	5,662,758
Adjustments for:			
- Dividend on CPS		247,704	258,700
- Exchange loss on CPS		463,790	180,302
		711,494	439,002
Profit used to determine diluted loss per share		438,975	6,101,760
Weighted average number of ordinary shares	Number in '000	1,479,155	917,022
Assumed conversion of CPS and dividend thereon into ordinary shares	Number in '000	3,471,065	2,363,137
Weighted average number of ordinary shares for diluted loss per share	Number in '000	4,950,220	3,280,159
Diluted earnings per share attributable to Parent Company	Rupees	0.09	1.86

45.2.1 The dilution effect on basic earning per share is due to conversion option on CPS. The basic weighted average number of shares have been adjusted for conversion option available to preference shareholders.

45.2.2 The effect of the conversion of the CPS into ordinary shares is anti-dilutive for the year. Accordingly, the diluted earnings per share is restricted to the basic loss per share.

Note 46
Cash Used in Operations

	2018	2017
	----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES		(Restated)
Profit before taxation	562,283	6,245,313
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	735,663	674,335
- Amortization on intangible assets	391,045	392,834
- Provision for doubtful debts and other receivables	30,445	2,005
- Provision for stock-in-trade and stores and spares	-	10,432
- Profit on disposal of property, plant and equipment	(12,535)	(105,125)
- Revenue from IRU agreement	(720,000)	-
- Disposal of fiber under IRU arrangement	47,916	-
- Liabilities towards Omantel	-	(3,085,841)
- Write back of receipts from the former Parent Company - Omantel under SPA	-	(1,204,526)
- Write back of loan from National Bank of Oman	-	(3,668,000)
- Excess provisions written back during the year	(394,998)	(6,359)
- TFC penalty written back during the year	(118,756)	-
- Liabilities written back on settlement with parties	(204,639)	-
- Reversal of provision for stock in trade	(201,608)	-
- Reversal of provision for advance to suppliers	(1,803)	(3,384)
- Gain on re-measurement of investment properties at fair value	(4,410)	(7,280)
- Post employment benefits	56,438	56,591
- Dividend income on short term investments	(33)	-
- Capital work in progress written off during the year	324	25,591
- Adjustment due to impact of IAS-39	(606,240)	(42,125)
- Income on deposit and savings accounts	(17,913)	(18,130)
- Exchange loss on foreign currency loan	85,800	17,300
- Exchange loss on foreign currency accrued markup	12,666	225
- Exchange loss on foreign currency liabilities	28,781	86,974
- Provision for doubtful advances	66,800	-
- Management and advisory fee	-	86,844
- Discounting charges	24,107	-
- Finance cost	209,416	260,850
	(593,534)	(6,526,789)
Operating loss before working capital changes	(31,251)	(281,476)
(Increase) / decrease in current assets		
- Stores and spares	15,630	4,682
- Stock-in-trade	64,089	-
- Trade debts	(629,455)	(316,488)
- Loans and advances	(96,783)	(26,938)
- Deposits and prepayments	(29,699)	(11,982)
- Other receivables	(31,853)	70,228
Increase / (decrease) in current liabilities		
- Unearned revenue	(60,990)	(23,596)
- Trade and other payables	464,433	571,789
	(304,628)	267,695
Cash used in operations	(335,879)	(13,781)

Note 47
Remuneration of Chief Executive Officer, Directors and Executives

Aggregate amounts charged in the consolidated financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the Group are as follows:

	Chief Executive		Non-Executive Directors		Executive Directors		Executives	
	2018	2017	2018	2017	2018	2017	2018	2017
	--------(Rupees in '000)--------		--------(Rupees in '000)--------		--------(Rupees in '000)--------		--------(Rupees in '000)--------	
				(Restated)				(Restated)
Managerial remuneration	9,600	17,920	13,189	6,813	4,000	1,855	99,662	77,743
Retirement benefits	1,600	2,987	1,035	1,118	667	309	12,199	10,837
House rent allowance	3,840	7,168	5,276	2,725	1,600	742	39,865	31,097
Utilities	960	1,792	1,319	681	400	186	9,966	7,774
Bonus	-	-	-	2,000	-	-	2,647	-
Meeting fee allowance	527	171	3,356	1,028	527	88	-	-
Advisory fee	-	-	6,000	4,942	-	-	-	-
	16,527	30,038	30,175	19,307	7,194	3,180	164,339	127,451
Number of persons	1	1	5	5	1	1	40	41

47.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year. Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017 (Previously, basic salary limit for executive was Rs. 500,000 per annum).

47.2 The Chief Executive of the Group is also provided with a Company maintained car.

Note 48
Transaction with Related Parties

Related parties comprise the parent Company, associated companies / undertakings, directors of the Group and their close relatives and key management personnel of the Group. the Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these consolidated financial statements.

Transactions during the year with local companies

Related party	Relationship	Nature of transaction	2018	2017
			----------(Rupees in '000)----------	
Oman Telecommunication SAOG	Former Holding Company	Dividend on preference shares	22,664	115,168
		Management fee on preference shares	-	86,844
		Receipts under SPA	-	624,867
Worldcall Services (Private) Limited	Holding Company (note 4.28)	Funds received by the Group during the year	784,561	419,264
		Funds repaid by the Group during the year	96,343	77,127
		Expense paid on behalf of the Group	88,685	90,000
		Expense charged to the Group	12,297	-
		Settlement with multinet	-	105,000
		Dividend on CPS	145	-
		Markup on long term borrowings	30,278	28,607
AMB Management Consultants (Pvt.) Limited	Associate (note 4.28)	Dividend on CPS	18	-
Worldcall Business Solutions (Private) Limited	Associate (note 4.28)	Expenses borne on behalf of associate	27,106	105

Related party	Relationship	Nature of transaction	2018	2017
			----------(Rupees in '000)----------	
Worldcall Cable (Private) Limited	Associate (note 4.28)	Expenses borne on behalf of associate	1,240	-
Director	Associated person	Payment to IBA against open enrollment program	276	-
		Sale of vehicle	528	-
Key management personnel	Associated persons	Advances against expenses disbursed / (adjusted) - net	1,151	-
		Long term loans received back - net	8,018	10,529

The amounts above do not include salaries and other related benefits of the Chief Executive Officer, directors and executives of the Group which have been disclosed in note 47.

Transactions during the year with foreign companies

Related party	Relationship	Nature of transaction	2018	2017
Ferret Consulting - F.Z.C	Associate (note 4.28)	Dividend on CPS	224,877	143,532
		Current Account	139,100	-

Ferret Consulting, F.Z.C is incorporated in United Arab Emirates having its registered address at SM-Office, E1- 26, A032 , Ajman, United Arab Emirates. Basis for association of the Group with Ferret is common directorship. Mr. Babar Ali Syed is the Managing Director of Ferret Consulting. Ferret Consulting is actively operative.

Financial statements of Ferret Consulting, F.Z.C are un-audited.

Outstanding Balance as at the year end

		2018	2017
Oman Telecommunication SAOG	Dividend on CPS	196,180	153,887
Worldcall Services (Private) Limited	Sponsor's loan	1,255,931	675,893
	Trade creditors	-	7,375
	Dividend on CPS	130,868	-
	Accrued markup	75,913	32,969
	Payable under current account	-	63,637
Ferret Consulting - F.Z.C	Dividend on CPS	606,303	746,800
	Current Account	139,100	-
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	16,311	-
Worldcall Business Solutions (Private) Limited	Other receivables	27,211	105
Worldcall Cable (Private) Limited	Other receivables	1,240	-
Key management personnel	Payable against expenses, salaries and other employee benefits	89,805	39,749
	Long term loans	269	8,287
	Advance against expenses	12,455	11,304

Note 49

Financial Risk Management

the Group finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between various sources of finance to minimize the risk.

the Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, other market price risk), credit risk and liquidity risk. the Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

the Group's overall risk management procedures, to minimize the potential adverse effects of financial market on the Group's performance, are as follows:

49.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Group's income or the value of its holdings of financial instruments.

49.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

the Group is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to the followings:

	2018	2017
	--------------USD ('000)---------------	
Trade receivables	6,870	989
Trade payables	(11,908)	(15,253)
Borrowings	(4,546)	(3,298)
Net exposure	(9,584)	(17,562)

The following significant exchange rates were applied during the year

	2018	2017
Average rate - Rupees per US Dollar (USD)	121.58	105.36
Reporting date rate - Rupees per US Dollar (USD)	139.10	110.50

At December 31, 2018, if the Rupee had weakened / strengthened by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 14.71 million lower / higher (2017: Rs. 19.41 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

49.1.2 Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

the Group analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing etc. At the reporting date, the profile of the Group's interest bearing financial instruments was as under:

	2018	2017
	--------------USD ('000)---------------	
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	2,623	7,366
Financial liabilities		
Term finance certificates	(1,317,110)	(1,517,110)
Long term financing	(48,627)	(132,558)
Sponsor's loan	(417,300)	(331,500)
Short term borrowings	(562,458)	(563,936)
	(2,342,872)	(2,537,738)

Fair value sensitivity analysis for fixed rate instruments

the Group does not have any fixed rate financial assets and liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date had fluctuated by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 23.43 million lower / higher (2017: Rs. 25.38 million), mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the reporting date are outstanding for the entire year.

49.1.3 Other market price risk

Equity price risk arises from investments held by the Group which are classified in the statement of financial position as available-for-sale (Note 34). The primary goal of the Group's investment strategy is to maximize investment returns on the surplus cash balance. In accordance with this strategy, investments are designated as available-for-sale and their performance is actively monitored.

Since the investment amount is too low (less than 1% of the Group's total assets), the performance of the investments will not have any material impact on the Group's performance.

49.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

the Group's credit risk is primarily attributable to deposits with banks, long term trade receivables, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

49.2.1 Exposure to credit risk

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2018	2017
	-----------(Rupees in '000)------------	
Long term trade receivables	54,578	65,240
Long term loans	2,758	9,596
Long term deposits	46,677	45,511
Trade debts	1,674,755	1,075,745
Short term deposits	458,565	423,504
Other receivables	81,111	49,258
Short term investments	38,115	58,961
Bank balances	3,520	9,968
	2,360,079	1,737,783

49.2.2 The aging of trade debts and related impairment loss as at the reporting date is as follows:

The aging of trade debts and long term trade receivables

Not past due	119,830	193,122
Past due 1 - 180 days	1,127,474	549,292
Past due 181 - 365 days	136,708	49,379
1 - 2 years	128,943	282,712
More than 2 years	216,378	66,480
	1,729,333	1,140,985

the Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

49.2.3 Credit quality of bank balances

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating		
	Short term	Long term	Agency	2018	2017
				--------------(Rupees in '000)--------------	
Allied Bank Limited	AAA	A1+	PACRA	1	191
Askari Bank Limited	AA+	A1+	JCR-VIS	114	235
Bank AL Habib Limited	AA+	A1+	PACRA	96	1,122
HBL Pakistan	AAA	A-1+	JCR-VIS	22	227
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	28	280
JS Bank Limited	AA-	A1+	PACRA	17	16
Bank Islami Pakistan Limited (Formerly KASB Bank Limited)	A+	A1	PACRA	446	571
MCB Bank Limited	AAA	A1+	PACRA	129	279
National Bank of Pakistan	AAA	A1+	PACRA	6	11
Silk Bank Limited	A-	A-2	JCR-VIS	45	12
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	504	489
Soneri Bank Limited	AA-	A1+	PACRA	38	23
Summit Bank Limited	SUSPENDED	SUSPENDED	JCR-VIS	1,795	6,194
Tameer Microfinance Bank Limited	A+	A-1	PACRA	29	43
United Bank Limited	AAA	A-1+	JCR-VIS	19	49
Mobilink Microfinance Bank Limited (Formerly Waseela Microfinance Bank Limited)	A	A1	PACRA	231	226
				3,520	9,968

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

49.3 Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the Group operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The Group has been facing difficulty in meeting various obligations towards its lenders and creditors. However, the management has devised a strategy for settlement and servicing of its liabilities as detailed in note 2.2. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
		---Rupe es in '000--				
Contractual maturities of financial liabilities as at December 31, 2018:						
Term finance certificates - secured	1,713,769	3,215,977	257,087	215,264	1,484,587	1,259,039
Long term financing	48,627	50,598	36,497	14,101	-	-
Sponsor's loan	1,255,931	1,669,935	-	448,598	1,221,337	
Long term deposits	93,580	105,000	-	105,000	-	-
License fee payable	1,021,500	1,021,500	-	1,021,500	-	-
Short term borrowings	701,558	701,558	701,558	-	-	-
Trade and other payables	6,928,459	6,928,459	6,928,459	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Payable against long term investment	45,000	45,000	45,000	-	-	-
Interest and mark up accrued	122,184	122,184	122,184	-	-	-
	11,932,415	13,861,166	8,092,592	1,804,463	2,705,924	1,259,039
Contractual maturities of financial liabilities as at December 31, 2017:						
Term finance certificates - secured	1,517,110	1,517,110	1,517,110	-	-	-
Long term financing	132,558	145,130	94,532	36,497	14,101	-
Sponsor's loan	675,893	724,697	-	724,697	-	-
Long term deposits	105,000	105,000	-	-	105,000	-
License fee payable	1,021,500	1,021,500	1,021,500	-	-	-
Short term borrowings	563,936	563,936	563,936	-	-	-
Trade and other payables	7,295,927	7,297,734	7,297,734	-	-	-
Unclaimed dividend	1,807	1,807	1,807	-	-	-
Interest and mark up accrued	540,671	540,671	540,671	-	-	-
	11,854,402	11,917,585	11,037,290	761,194	119,101	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these consolidated financial statements.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these consolidated financial statements.

49.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying values of all financial assets and liabilities reflected in consolidated financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

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 Group's financial assets that are measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Assets				
Recurring fair value measurements				
Available-for-sale investments	38,115	-	-	38,115

The following table presents the Group's financial assets that are measured at fair value at December 31, 2017:

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

49.5 Changes in liabilities arising from financing activities

	January 1, 2017	Cash Flows	Foreign Exchange Movement	Impact of IAS 39	Deferred Markup	December 31, 2018
			(Rupees in '000)			
Term finance certificates	1,517,110	(200,000)	-	(192,117)	588,776	1,713,769
Long term financing	132,558	(83,931)	-	-	-	48,627
Sponsor's loan	675,893	852,837	85,800	(358,599)	-	1,255,931
Short term borrowings	563,936	137,622	-	-	-	701,558
Total liabilities from financing activities	2,889,497	706,528	85,800	(550,716)	588,776	3,719,885

49.6 Capital Risk Management

the Group's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the Group's business. The Board of Directors monitors the Return on Capital Employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

the Group's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders.

the Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

the Group is subject to capital requirements imposed by its lenders. However, the Group has not been able to meet these requirements on account of its financial constraints. The management is confident that after implementation of the strategy detailed in note 2.2, the Group will become compliant with the externally imposed capital requirements.

In line with the industry norm, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including license fee payable) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Group was worked out as under:

In line with the industry norm, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including license fee payable) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Group was worked out as under:

	2018	2017
	Rupees in '000	
		(Restated)
Borrowings	4,741,385	3,910,997
Cash and bank balances	(7,360)	(22,220)
Net debt	4,734,025	3,888,777
Equity	3,274,068	1,865,303
Total capital employed	8,008,093	5,754,080
Gearing ratio (%)	59.12%	67.58%

49.7 Financial instruments by categories

Financial assets as at December 31, 2018

	At fair value through profit or loss	Loans and Receivables	Available - for - sale	Held to maturity	Total
	-----------------------------	----------------------	Rupe es in '000	----------------------	-----------------------------
Long term loans	-	2,758	-	-	2,758
Long term deposits	-	46,677	-	-	46,677
Long term trade receivables	-	54,578	-	-	54,578
Trade debts	-	1,674,755	-	-	1,674,755
Short term deposits	-	458,565	-	-	458,565
Other receivables	-	81,111	-	-	81,111
Short term investments	-	-	38,115	-	38,115
Cash and bank balances	-	7,360	-	-	7,360
	-	2,325,804	38,115	-	2,363,919

Financial assets as at December 31, 2017

	At fair value through profit or loss	Loans and Receivables	Available-for-sale	Held to maturity	Total
	-----------------------------	----------------------	Rupe es in '000	----------------------	-----------------------------
Long term loans	-	9,596	-	-	9,596
Long term deposits	-	45,511	-	-	45,511
Long term trade receivables	-	65,240	-	-	65,240
Trade debts	-	1,075,745	-	-	1,075,745
Short term deposits	-	423,504	-	-	423,504
Other receivables	-	49,258	-	-	49,258
Short term investments	-	-	58,961	-	58,961
Cash and bank balances	-	22,220	-	-	22,220
	-	1,691,074	58,961	-	1,750,035

Financial liabilities at amortized cost

	2018	2017
	-------------(Rupees in '000)	-------------
Term finance certificates - secured	1,713,769	1,517,110
Long term financing	48,627	132,558
Sponsor's loan	1,255,931	675,893
Long term deposits	93,580	105,000
License fee payable	1,021,500	1,021,500
Short term borrowings	701,558	563,936
Trade and other payables	6,928,459	7,295,927
Unclaimed dividend	1,807	1,807
Payable against Long Term Investment	45,000	-
Interest and mark up accrued	122,184	540,671
	11,932,415	11,854,402

49.8 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	------------	------------	(Rupees in '000)	------------	------------	
As at December 31, 2018	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Long term trade receivables	-	-	-	-	-	54,578
Long term loans	-	-	-	-	-	2,758
Long term deposits	-	-	-	-	-	46,677
Trade debts	3,862,107	(2,187,352)	1,674,755	-	1,674,755	-
Short term deposits	-	-	-	-	-	458,565
Other receivables	-	-	-	-	-	81,111
Short term investments	-	-	-	-	-	38,115
Cash and bank balances	-	-	-	-	-	7,360
	3,862,107	**(2,187,352)**	**1,674,755**	**-**	**1,674,755**	

	Gross amounts of recognized financial assets	Gross amount of recognized financial liabilities off set in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	------------	------------	(Rupees in '000)	------------	------------	
As at December 31, 2017	A	B	C = A + B	D	E = C + D	
Long term trade receivables	-	-	-	-	-	65,240
Long term loans	-	-	-	-	-	9,596
Long term deposits	-	-	-	-	-	45,511
Trade debts	2,598,490	(1,522,745)	1,075,745	-	1,075,745	-
Short term deposits	-	-	-	-	-	423,504
Other receivables	-	-	-	-	-	49,258
Short term investments	-	-	-	-	-	58,961
Cash and bank balances	-	-	-	-	-	22,220
	2,598,490	(1,522,745)	1,075,745	-	1,075,745	

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	------------	------------	(Rupees in '000)	------------	------------	
As at December 31, 2018	**A**	**B**	**C = A + B**	**D**	**E = C + D**	
Short term borrowings	-	-	-	-	-	701,558
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	9,115,811	(2,187,352)	6,928,459	-	6,928,459	-
Unclaimed dividend						1,807
Interest and mark-up accrued	-	-	-	-	-	122,184
Payable against Long Term Investment	-	-	-	-	-	45,000
Term finance certificates	-	-	-	-	-	1,713,769
Long term loans	-	-	-	-	-	48,627
Sponsor's loan	-	-	-	-	-	1,255,931
Long term deposits	-	-	-	-	-	93,580
	9,115,811	**(2,187,352)**	**6,928,459**	**-**	**6,928,459**	

	Gross amounts of recognized financial liabilities	Gross amount of recognized financial assets off set in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not off set in the consolidated statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	------------	------------	(Rupees in '000)	------------	------------	
As at December 31, 2017	A	B	C = A + B	D	E = C + D	
Short term borrowings	-	-	-	-	-	563,936
License fee payable	-	-	-	-	-	1,021,500
Trade and other payables	8,818,672	(1,522,745)	7,295,927	-	7,295,927	-
Unclaimed dividend						1,807
Interest and mark-up accrued	-	-	-	-	-	540,671
Term finance certificates	-	-	-	-	-	1,517,110
Long term loans	-	-	-	-	-	132,558
Sponsor's loan						675,893
Long term deposits	-	-	-	-	-	105,000
	8,818,672	(1,522,745)	7,295,927	-	7,295,927	

Note 50
Segment Information

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The Group does not have any reportable segments. Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. An operating segment’s operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to assess segment’s performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The internal reporting provided to the CODM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Group is domiciled in Pakistan. All of the Group's assets are located in Pakistan as at the reporting date.

Note 51
Number of Employees

	2018	2017
	Number	Number
Employees as at December 31,	996	877
Average number of employees during the year	937	817

Note 52
Authorization of Consolidated Financial Statements

These consolidated financial statements were approved and authorized for issue on April 9, 2019 by the Board of Directors of the Parent Company.

Note 53
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 consolidated financial statements:

Nature	Reason	From	To	Amount (Rupees in '000)
Revaluation surplus	Change in policy	Surplus on revaluation of fixed assets (Face of Consolidated statement of financial position)	Share capital and reserves (Face of Consolidated statement of financial position)	605,249
Discount on issue of shares	Required by 4th Schedule to the Companies Act, 2017	Capital reserves (note 9)	Ordinary share capital (note 6)	(1,260,612)
Loan from parent Company	Better presentation	Long term financing (note 12)	Sponsors' loan (Face of consolidated statement of financial position)	675,893
Rent of Labs	Better presentation	Operating cost - Rent rates and taxes (note 39)	Direct cost - Power consumption and Rent (note 38)	14,204
Unclaimed dividend	Required by 4th Schedule to the Companies Act, 2017	Trade and other payables (note 17)	Face of statement of Consolidated financial position	1,807
Other receivables	Better presentation	Other receivables - considered good (note 35)	Other receivables - due from related parties (note 35)	105
Long Term Deposits	Better presentation	Long term deposits - other (note 28)	Long term deposits - Rented premises (note 28)	33,940
Long Term Deposits	Better presentation	Long term deposits - other (note 28)	Long term deposits - Utilities (note 28)	960
Board meeting fee	Better presentation	Trade creditors (note 17)	Accrued and other liabilities (note 17)	3,160
Payable to WSL	Better presentation	Trade creditors (note 17)	Due to related parties (note 17)	7,375
Current account payable to WSL	Better presentation	Accrued and other liabilities (note 17)	Due to related parties (note 17)	63,637
Accrued markup on sponsor's loan	Better presentation	Accrued Mark up (note 18)	Accrued Mark up (note 18)	32,969
Markup on sponsor's loan	Better presentation	Finance cost (note 43)	Finance cost (note 43)	28,607
Unearned revenue	Better presentation	Advance from customers (note 17)	Face of statement of Consolidated financial position	134,893

Chief Executive Officer **Director** **Chief Financial Officer**

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2018

The Companies Act, 2017 Section 227(2)(f) Form-34

Incorporation Number : 0042200 OF 15-03-2001

NO. OF SHAREHOLDERS	SHAREHOLDING FROM		SHAREHOLDING TO	TOTAL SHARES HELD
568	1	-	100	22,624
1192	101	-	500	438,887
3323	501	-	1,000	2,390,644
2872	1,001	-	5,000	8,292,193
1193	5,001	-	10,000	9,930,197
2025	10,001	-	50,000	52,997,491
655	50,001	-	100,000	52,327,611
657	100,001	-	500,000	143,146,532
94	500,001	-	1,000,000	69,169,696
79	1,000,001	-	5,000,000	154,947,963
14	5,000,001	-	15,000,000	113,648,000
5	15,000,001	-	50,000,000	159,620,603
1	50,000,001	-	100,000,000	94,051,000
2	100,000,001	-	320,000,000	453,076,186
1	491,860,001	-	above	491,862,290
12681	Total			1,805,921,917

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer and their spouses and minor children	12,150	0.00%
Associated Companies, Undertakings and Related parties	961,883,476	53.26%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Financial Institutions	47,436,868	2.63%
Insurance Companies	32,022	0.00%
Modarabas and Mutual Funds	1,195,000	0.07%
* Shareholders holding 10% or more	826,306,933	45.76%
General Public		
a. Local	689,883,959	38.20%
b. Foreign	50,667,398	2.81%
Others		
- Joint Stock Companies	54,648,688	3.03%
- Foreign Companies	162,356	0.01%
Total *	1,805,921,917	100.00%

* Note:- Total is except for shareholders holding 10% or more as some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE AS ON 31 DECEMBER 2018

Form-34

CATEGORIES OF SHAREHOLDERS	SHAREHOLDER	SHARES HELD	PERCENTAGE
Directors, Chief Executive Officer and their Spouse & Minor Children			
Dr. Syed Salman Ali Shah	1	9,000	0.00%
Mr. Babar Ali Syed	1	650	0.00%
Mr. Muhammad Murtaza Raza	1	500	0.00%
Mr. Muhammad Azhar Saeed	1	500	0.00%
Mr. Faisal Ahmad	1	500	0.00%
Mrs. Hina Babar	1	500	0.00%
Mr. Mansoor Ali	1	500	0.00%
Associated Companies, Undertaking and Related Parties			
Worldcall Services (Pvt.) Limited	2	501,862,290	27.79%
Ferret Consulting F.Z.C.	3	324,444,643	17.97%
AMB Management Consultants (Pvt.) Limited	1	135,576,543	7.51%
Mutual Funds			
CDC - Trustee AKD Opportunity Fund	1	1,000,000	0.06%
Public Sector Companies and Corporations	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking, Finance Companies, Insurance Companies and Modarabas	8	47,663,890	2.64%
Executives	2	262,500	0.01%
General Public			
- Local	12190	689,621,459	38.19%
- Foreign	363	50,667,398	2.81%
Others			
- Joint Stock Companies	102	54,648,688	3.03%
- Foreign Companies	2	162,356	0.01%
	12681	**1,805,921,917**	**100.00%**

Shareholders holding 5% or more voting rights in the Company			
WorldCall Services (Pvt.) Limited	2	501,862,290	27.79%
Ferret Consultinf F.Z.C.	3	324,444,643	17.97%

FORM OF PROXY

The Company Secretary
Worldcall Telecom Limited
Plot No. 1566/124, Main Walton Road,
Lahore, Pakistan

Folio # CDC A/c No.____________________

Shares Held ___________________________

I/We ____ of ____________________
(Name) *(Address)*

being the member (s) of **Worldcall Telecom Limited** hereby appoint Mr. /

Mrs. / Miss____________________________________ of________________________________
(Name) *(Address)*

or failing him / her / Mr. /Mr. /Mrs. Miss./______________________________ of _______________
(Name) *(Address)*

{who is also member of the Company vide Registered Folio # _______________ (being the member of the Company)} as my / our proxy to attend at and vote for me / us and on my/our behalf at the Annual General Meeting of the Company to be held at Institute of Chartered Accountants of Pakistan, 155-156, West Wood Colony, Thokar Niaz Baig, Lahore on 30 April 2019 at 11:00 a.m. and at any adjournment thereof.

Signature this __________________________ Day of _________________________ 2019

Signature on Rs.5/- Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

1. Witnesses:

Signature ____________________________

Name________________________________
Address______________________________
____

CNIC # ______________________________

2. Witnesses:

Signature ____________________________

Name________________________________
Address______________________________
____

CNIC # ______________________________

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, Plot No. 1566/124, Main Walton Road, Lahore, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computer National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.

ii. Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii. The proxy shall produce his original CNIC / SNIC or original passport at the time of the meeting.
iv. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

فولیونمبر/سی ڈی سی اکاؤنٹ نمبر: ____________________

قابض حصص: ____________________________

کمپنی سیکرٹری
ورلڈکال ٹیلی کام لمیٹڈ
1566/124، مین والٹن روڈ
لاہور، پاکستان

میں/ہم ________________ رہائش ____________________________ ورلڈکال ٹیلی کام لمیٹڈ کے
رکن/ارکان ہونے کی حیثیت سے محترم/محترمہ ____________________ رہائش ____________________________
کواوران کی ناکامی کی صورت میں محترم/محترمہ ____________________ رہائش ____________________________
کو {جوفولیونمبر ________________ (کمپنی کے رکن ہونے کی حیثیت سے) کے تحت کمپنی کارکن بھی ہے} میرے/ ہمارے لیے ووٹ دینے کے لئے یا میری/ ہماری طرف سے 30 اپریل 2019ء کوانسٹیٹیوٹ آف چارٹرا کاؤنٹینٹس آف پاکستان، 156-155، ویسٹ ووڈ کالونی ٹھوکر نیاز بیگ، لاہور میں دن 11:00 بجے منعقدہ کمپنی کے سالانہ اجلاسِ عام اوراس کے متعلق کسی بھی قسم کے التوا میں شرکت کرنے کے لئے اپنا/ ہمارا نمائندہ مقرر کرتا/کرتے ہیں۔

دستخط: دن ______________ سال ____________________2019

5 روپے کے
ریوینیو سٹیمپ
پر دستخط

(دستخط کمپنی میں رجسٹرڈ نمونہ دستخط کے مطابق ہونا چاہئے)

1. گواہان

دستخط: ____________________________
نام: ____________________________
پتہ: ____________________________
____
CNIC: ____________________________

2. گواہان

دستخط: ____________________________
نام: ____________________________
پتہ: ____________________________
____
CNIC: ____________________________

مندرجات

1. یہ نمائندگی کا فارم، حسب ضابطہ تکمیل اور دستخط شدہ، اجلاس کے آغاز سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ دفتر واقع 1566/124، مین والٹن روڈ لاہور میں پہنچ جانا چاہئے۔
2. کوئی شخص نمائندہ نہیں بن سکتا جب تک وہ کمپنی کا رکن نہیں ہے، بجائے اس شخص کے جس کو کارپوریشن غیر رکن ہونے پر بھی مقرر کرے۔
3. اگر کوئی رکن ایک سے زیادہ نمائندے یا رکن کی جانب سے نمائندے کے ایک سے زیادہ دستاویز کمپنی میں جمع کرواتا ہے تو نمائندگی کے ایسے تمام دستاویز بے کار متصور ہوں گے۔

CDC اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لئے

مندرجہ بالا بیانات کے علاوہ درج ذیل شرائط کو بھی ملحوظ خاطر رکھنا ضروری ہے:

(i) نمائندگی کے فارم کی تصدیق دو گواہان کریں گے جن کے نام، پتے اور CNIC/SNIC (کمپیوٹرائزڈ قومی شناختی کارڈ/سمارٹ قومی شناختی کارڈ) نمبر فارم میں درج کرنے ضروری ہیں۔

(ii) انتفامی مالک اور نمائندے کے CNIC/SNIC اور پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ساتھ منسلک کرنا ہوگی۔

(iii) اجلاس کے موقع پر نمائندے کو اپنے اصلی CNIC/SNIC اور اصلی پاسپورٹ کو ظاہر کرنا ہوگا۔

(iv) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ (اگر یہ پہلے جمع نہیں کرائے گئے ہیں) بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ بمعہ نمونہ کے دستخط کمپنی کو جمع کرانا ہوں گے۔

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message: