

Half Yearly Accounts

June 30, 2020

WorldCall Telecom Limited





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

HALF YEARLY REPORT 2020



VISION

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

MISSION STATEMENT

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

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

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



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COMPANY INFORMATION

Chairman	Mr. Muhammad Shoaib
Chief Executive Officer	Mr. Babar Ali Syed
Board of Directors	Mr. Muhammad Shoaib (Chairman) Mr. Muhammad Azhar Saeed Mr. Faisal Ahmed Mr. Mubasher Lucman Mrs. Hina Babar Mr. Mansoor Ali Mr. Tariq Hasan
Chief Financial Officer	Mr. Muhammad Azhar Saeed, FCA
Executive Committee	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mr. Faisal Ahmed (Member) Mr. Muhammad Zaki Munawar (Secretary)
Audit Committee	Mr. Mubasher Lucman (Chairman) Mr. Faisal Ahmed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Ansar Iqbal Chauhan (Secretary)
Human Resource & Remuneration Committee	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Muhammad Zaki Munawar (Secretary)
Chief Internal Auditor	Mr. Ansar Iqbal Chauhan
Company Secretary	Mr. Muhammad Zaki Munawar, ACCA
Auditors	NASIR JAVAID MAQSOOD IMRAN 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
BankIslami (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
Silkbank Limited
Meezan Bank Limited
Mobilink Microfinance Bank Limited

Registrar and Shares Transfer Office

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

Registered Office/Head Office

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

Webpage

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



DIRECTORS' REVIEW REPORT

The Board of Directors of Worldcall Telecom Limited ("Worldcall" or the "Company") is pleased to present its review report along with condensed interim standalone and consolidated financial information for the half year ended June 30, 2020.

Economic Overview

Pakistan's economy has been hit badly by tidal wave of pandemic adversity and can be classified in "Targeting Recovery, palliative measures" phase wherein socio political landscape and hyper inflationary factors have a lot to say. Owing to macroeconomic variables illustrated above, industries have revised their targets from steady growth to sustainability and survival.

Financial Overview

Standalone Financial Statements

Summary of financial results for the half year ended June 30, 2020 are as follows:

Particulars	Half Year June 30, 2020	Half Year June 30, 2019
	Rs. in million	
Revenue-net	2,133	2,269
Direct Cost (excluding depreciation and Amortization)	(997)	(1,215)
Other Income	84	404
EBITDA	984	1,069
Depreciation and Amortization	(615)	(646)
Finance Cost	(274)	(250)
Profit/(Loss) after tax	83	981

During the period under review, the Company closed its financial results reporting Rs83 million approx. profit after tax. The company's revenue remained almost the same fluctuating minimally by 6% as compared to half year ended June 30, 2019. Primary reasons for profit erosion are substantial decrease in other income and slight increase witnessed in finance cost. Other income has reduced (400 million) since major liabilities' write backs were done in the financial year 2019 whilst the finance cost has aggravated on account of settlement of liability (ies) owed to financial institutions.

Consolidated Financial Statements

Condensed interim 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 Group acquired this subsidiary during the year ended December 31, 2018 for which control was obtained on April 20, 2018.

Earnings per Share

The earnings per share of the Company on a consolidated as well as on standalone basis is Rupees 0.03 per share.

**Future Outlook**

The Company has kept up with its promise of raising the bar higher and accommodating consumer demands belonging to all segments of the society at an attractive rate. FTTH (Fiber to the Home) pilot project can very easily be quoted as delivering that promise. Results from the market trend analysis, deployment of infrastructure and GPON (Gigabit Passive Optical Network), list of targeted societies/ customers and vacuum of digitalization yet to be conquered, FTTH project ensures exciting and promising times for both the subscribers and Company alike.

The Company places utmost focus and deploys its resources as such to sustain and subsequently enhance revenue generated from its core segments i.e. Long Distance & International (LDI) and Point to Point (P2P).

Furthermore, WorldCall remains fully committed to its vision of diversification by exploring alternate streams of raising capital and thriving in conglomerate ventures not limited to provision of clean/ hygienic Meat to consumers at their doorsteps, talent hunt initiatives and campaigns to find and develop raw talent in the Country for representation in extracurricular events nationally.

Company's staff and customers

We express our explicit appreciation towards employees for their persistent hard work and unwavering faith, unperturbed by the pandemic adversity. We owe it to our diversified array of customers for continually subscribing to and believing in our services.

For and on behalf of the Board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore, Pakistan
October 09, 2020



فی حصص آمدنی

کمپنی نے انفرادی اور مجموعی طور پر فی حصص 0.03 روپے تخمینہ قرار دیا ہے۔

مستقبل کا نظریہ

کمپنی نے معاشرے کے تمام طبقات سے وابستہ صارفین کی مانگ کو پُرکشش شرح سے بڑھانے کے اپنے وعدے کو برقرار رکھا ہے۔ اس وعدے کی فراہمی کے حوالے سے کہا جاسکتا ہے کہ ایف ٹی ٹی ایچ (فابریو ہوم) پائلٹ پروجیکٹ صارفین اور کمپنی دونوں کیلئے دلچسپ اور امید افزا وقت کو یقینی بناتا ہے۔ مارکیٹ کا تجزیہ، انفراسٹرکچر کی تعمیراتی اور جی پی او این (گیگا باٹ سپیو آپٹیکل نیٹ ورک)، ہدف شدہ سوسائٹیز/ صارفین کی فہرست اور ڈیجیٹل نیشن کے خلا کو فتح کرنا ابھی باقی ہے۔

کمپنی اپنے وسائل کو بروئے کار لاتے ہوئے (LD) لاگت ڈسٹنس اینڈ انیشیل اور (P2P) پوائنٹ ٹو پوائنٹ سے حاصل ہونے والی آمدنی میں اضافے اور اس کو برقرار رکھنے کیلئے اپنی پوری توجہ مرکوز کئے ہوئے ہے۔

مزید برآں، ورلڈ کال سرمایے کے حصول اور فروغ پر متبادل سلسلے کے ذریعہ صارفین کو ان کی دہلیز پر صاف/حفظان صحت گوشت کی فراہمی تک محدود نہیں، بلکہ اپنے وژن پر پوری طرح پرعزم ہے، جس میں قومی سطح پر غیر انصافی واقعات میں نمائندگی کے لئے ملک بھر میں ٹیلنٹ ہنٹ کے اقدامات اور اس میں خام صلاحیتوں کو ڈھونڈنے اور ان کی نشوونما کیلئے مہم چلائی جا رہی ہے۔

کمپنی کا عملہ اور صارفین

ہم دل کی اتھاگہ رانیوں سے اپنے تمام ملازمین کی کوششوں اور سخت محنت کے معترف ہیں۔ جنہوں نے کشیدگی اور دباؤ کے حالیہ دنوں میں کمپنی کا ساتھ دیا ہے۔ ہم اپنے قابل قدر صارفین کو سروس کی فراہمی کے لئے پُرعزم ہیں اور ہماری سروسز پر ان کے مسلسل اعتماد کے لئے شکر گزار ہیں۔

بحکم بورڈ آف ڈائریکٹرز

Salimuddin

بار علی سید

چیف ایگزیکٹو آفیسر

لاہور

09 اکتوبر 2020



ڈائریکٹرز کی جائزہ رپورٹ

ورلڈ کال ٹیلی کام لمیٹڈ ("ورلڈ کال" یا "کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے نصف سال کے لئے اپنی جائزہ رپورٹ کے ساتھ عبوری اور مستحکم مالی بیانات کی معلومات پیش کرنے پر خوش ہیں۔

معاشی جائزہ

وبائی مرض کی اہرنے پاکستان کی معیشت کو بری طرح متاثر کیا ہے اور اسے آباد کاری و اقتصادی تدارک کے مرحلے میں درجہ بند کیا جاسکتا ہے جس میں معاشرتی سیاسی منظر نامے اور افراط زر کی افادیت کا بہت عمل دخل ہے۔ بیان کردہ معاشی متغیرات کی وجہ سے، صنعتوں نے استحکام اور بقا کو ہی اپنا ہدف متعین کر لیا ہے۔

مالیاتی جائزہ - علیحدہ معاشی بیانات

30 جون 2020 کو ختم ہونے والے نصف سال کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے۔

Particulars	Half Year June 30, 2020	Half Year June 30, 2019
	Rs. in million	
Revenue-net	2,133	2,269
Direct Cost (excluding depreciation and Amortization)	(997)	(1,215)
Other Income	84	404
EBITDA	984	1,069
Depreciation and Amortization	(615)	(646)
Finance Cost	(274)	(250)
Profit/(Loss) after tax	83	981

زیر جائزہ مدت کے دوران، کمپنی نے تقریباً 83 ملین روپے کی رپورٹنگ کرتے ہوئے اپنے مالی نتائج بند کر دیئے۔ ٹیکس کے بعد منافع 30 جون، 2019 کو ختم ہونے والے نصف سال کے مقابلہ میں کمپنی کی آمدنی میں کم سے کم 6 فیصد کمی واقع ہوئی۔ منافع کے خاتمے کی بنیادی وجوہات دیگر آمدنی میں خاطر خواہ کمی اور مالیاتی لاگت میں معمولی اضافہ دیکھا گیا۔ مالی اعانت 2019 مالی سال میں کمی کی گئی تھی اس کے بعد سے دیگر آمدنی میں (400 ملین) کمی واقع ہوئی ہے جب کہ مالی اداروں میں واجب الادا کے تحفے کی وجہ سے مالیاتی لاگت بڑھ گئی ہے۔

مجموعی مالیاتی بیانات

عبوری مستحکم مالی بیانات روٹ 1 ڈیجیٹل (پرائیویٹ) لمیٹڈ (تحت کمپنی) کے ساتھ مل کر ورلڈ کال ٹیلی کام لمیٹڈ (پبلک کمپنی) کے مالی نتائج پر مشتمل ہیں۔ روٹ 1 ڈیجیٹل ایک پرائیویٹ لمیٹڈ کمپنی ہے جو 21 دسمبر 2016 کو کمپنیز آرڈیننس، 1984 (جو کہ ایکٹیز ایکٹ، 2017 ہے) انکارپوریٹ ہوئی۔ اس کا بنیادی کاروبار تمام نقل و حمل کی خدمات، کمی دوسرے یا دوسروں کے ساتھ موٹر گاڑی کی نقل و حمل کا اشتراک، اور انفارمیشن ٹیکنالوجی کے میدان میں، سافٹ ویئر کی ترقی اور تمام سرگرمیوں کی مدد سے متعلق ہے۔ اس گروپ نے 31 دسمبر 2018 کو ختم ہونے والے سال کے دوران اس ذیلی ادارہ کو حاصل کیا جس کے لئے 2018 کو کنٹرول حاصل کیا گیا تھا۔



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WORLDCALL TELECOM LIMITED ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of WorldCall Telecom Limited as at June 30, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements").

Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2020.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note 2.7 in the annexed condensed interim financial statements (un-audited), which states that although the Company has earned a profit after taxation of Rs. 83.007 million during the period ended June 30, 2020 which includes the impact of write back of liabilities of Rs. 97.288 million. As at June 30, 2020, the accumulated loss of the Company stands at Rs. 12,991.812 million and its current liabilities exceed its current assets by Rs. 5,494.952 million. These conditions, along with the factors discussed in note 13 to the condensed interim financial statements (unaudited), 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. Our opinion is not qualified in respect of this matter.



Financial statements for the year ended December 31, 2019 were audited by another firm of Chartered Accountants, who through their report dated July 09, 2020 expressed unqualified opinion on those financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Imran-ul-Haq.

Date: 09 October 2020
Islamabad


Nasir Javid Maqsood Imran
Chartered Accountants



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

		June 30, 2020	December 31, 2019
		Un-audited	Audited
Note		----- (Rupees in '000) -----	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	11,615,252	11,615,252
Preference share capital	6	2,114,651	2,114,651
Dividend on preference shares	7	772,136	772,136
Capital reserves		472,150	476,453
Accumulated loss		(12,991,812)	(13,186,813)
Surplus on revaluation of fixed assets		1,126,535	1,247,166
		3,108,912	3,038,845
NON-CURRENT LIABILITIES			
Term finance certificates	8	1,509,501	1,567,104
Long term financing	9	74,073	87,330
Sponsor's loan	10	1,518,303	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		224,803	210,796
Lease liabilities	11	195,438	175,585
		4,543,618	4,478,954
CURRENT LIABILITIES			
Trade and other payables		6,058,651	6,093,671
Unearned revenue		90,516	55,810
Accrued mark up		249,046	136,847
Current and overdue portion of non-current liabilities		553,208	415,282
Short term borrowings	12	575,693	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		339,537	311,857
		7,868,458	7,949,320
Contingencies and Commitments			
	13	-	-
TOTAL EQUITY AND LIABILITIES		15,520,988	15,467,119
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,241,115	6,584,882
Right of use assets	15	2,333,278	2,138,001
Intangible assets		1,721,598	1,916,615
Investment properties		48,800	48,800
Long term investment	16	50,000	50,000
Deferred taxation		2,735,781	2,725,027
Long term deposits		16,910	16,910
		13,147,482	13,480,235
CURRENT ASSETS			
Stores and spares		36,947	40,592
Stock-in-trade		204,777	204,777
Trade debts		1,289,796	896,749
Loans and advances		181,456	189,469
Deposits and prepayments		523,193	502,996
Short term investments		34,276	38,579
Other receivables		82,636	73,639
Cash and bank balances		20,425	40,083
		2,373,506	1,986,884
TOTAL ASSETS		15,520,988	15,467,119

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	Note	Half year ended June 30,		Quarter ended June 30,	
		2020	2019	2020	2019
----- (Rupees in '000) -----					
Revenue	17	2,133,225	2,268,934	883,985	1,243,647
Direct costs excluding depreciation and amortization		(997,381)	(1,214,986)	(456,334)	(596,109)
Operating costs		(235,358)	(388,876)	(101,387)	(229,066)
Other income - net		83,670	403,711	137,898	206,557
Profit before Interest, Taxation, Depreciation and Amortization		984,156	1,068,783	464,162	625,029
Depreciation and amortization		(614,781)	(646,255)	(302,560)	(332,751)
Finance cost		(273,661)	(249,502)	(123,692)	(163,150)
Profit before Taxation		95,714	173,026	37,910	129,128
Taxation		(12,707)	20,852	6,098	(55,621)
Net Profit for the Period		83,007	193,878	44,008	73,507
Earnings per Share - basic (Rupees)		0.03	0.11	0.02	0.04
Earnings per Share - diluted (Rupees)		0.02	0.07	0.01	0.03

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020**

	Half year ended June 30,		Quarter ended June 30,	
	2020	2019	2020	2019
----- (Rupees in '000) -----				
Net Profit for the Period	83,007	193,878	44,008	73,507
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
- Changes in fair value of financial assets through other comprehensive income - net of tax	(4,303)	(9,309)	9,291	(10,608)
<i>Item that may be subsequently reclassified to profit or loss:</i>	-	-		
Other Comprehensive Loss - net of tax	(4,303)	(9,309)	9,291	(10,608)
Total Comprehensive Profit for the Period - net of tax	<u>78,704</u>	<u>184,569</u>	<u>53,299</u>	<u>62,899</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
(Rupees in '000)									
Adjusted Balance as at December 31, 2018	10,835,944	2,585,646	949,682	(26,774)	633,550	606,776	(13,493,920)	1,466,342	2,950,450
Net profit for the period	-	-	-	-	-	-	193,878	-	193,878
Other comprehensive loss for the period - net of tax	-	-	-	(9,309)	-	(9,309)	-	-	(9,309)
Total comprehensive income for the period - net of tax	-	-	-	(9,309)	-	(9,309)	193,878	-	184,569
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	107,897	(107,897)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(6,762)	(6,762)
Balance as at June 30, 2019	10,835,944	2,585,646	949,682	(36,083)	633,550	597,467	(13,192,145)	1,351,883	3,128,257
Net profit for the period	-	-	-	-	-	-	(121,580)	-	(121,580)
Other comprehensive income for the period - net of tax	-	-	-	9,773	-	9,773	22,744	-	32,517
Total comprehensive Income / (Loss) for the period - net of tax	-	-	-	9,773	-	9,773	(98,836)	-	(89,063)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	104,168	(104,168)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(349)	(349)
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,012
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	-	(5,749,012)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,186,813)	1,247,166	3,038,845
Net profit for the period	-	-	-	-	-	-	83,007	-	83,007
Other comprehensive loss for the period - net of tax	-	-	-	(4,303)	-	(4,303)	-	-	(4,303)
Total comprehensive income for the period - net of tax	-	-	-	(4,303)	-	(4,303)	83,007	-	78,704
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	111,994	(111,994)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(8,637)	(8,637)
Balance as at June 30, 2020	11,615,252	2,114,651	772,136	(30,613)	502,763	472,150	(12,997,812)	1,126,535	3,108,912

The annexed notes from 1 to 24 form an integral part of these financial statements.

Balaram
Chief Executive Officer

Nigam
Director

Bur
Chief Financial Officer



WorldCall



CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		Half Year Ended June 30,	
		2020	2019
		(Un-audited)	(Un-audited)
Note		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	50,400	363,090
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term trade receivables		-	(311,240)
- Long term deposits		-	5,580
		-	(305,660)
		50,400	57,430
Post employment benefits paid		(10,418)	(546)
Finance cost paid		(5,276)	(43,246)
Income tax paid		(4,417)	(16,491)
Net Cash Generated from/(Used in) Operating Activities		30,289	(2,853)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,895)	(19,021)
Dividend income		49	-
Income on deposit and savings accounts		17,387	-
Proceeds from disposal of property, plant and equipment		39	1,860
Net Cash Generated from/(Used in) Investing Activities		14,580	(17,161)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(27,010)	(13,893)
Short term borrowings - net		(19,075)	96,536
Repayment of lease liability		(18,442)	(30,828)
Net Cash Generated from/(Used in) Financing Activities		(64,527)	21,815
Net Increase / (Decrease) in Cash and Cash Equivalents		(19,658)	1,801
Cash and cash equivalents at the beginning of the period		40,083	7,258
Cash and Cash Equivalents at the End of the Period		20,425	9,059

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer



NOTES OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

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 39.98% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.10% (2019: 47.75%)

Note 2

Basis of Preparation

2.1 These condensed interim financial statements are the separate condensed financial statements of the Company in which investment in subsidiary is stated at cost. Condensed consolidated interim financial statements are prepared separately.

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.3 These condensed interim financial statements are unaudited.

2.4 These condensed interim financial statements (un-audited) do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial statements since the last financial statements.

2.5 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended December 31, 2019. Comparative statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2019 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended June 30, 2019 and are adjusted in line with restatement done on year ended December 31, 2019.

2.6 These condensed interim (un-audited) financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.7 Going concern assumption

2.7.1 The Company has earned a profit after taxation of Rs. 83.007 million during the period ended June 30, 2020 (June 2019: profit after taxation of Rs. 193.88 million) which includes the impact of write back of liabilities for Rs. 97.288 million (June 2019: Rs. 374.52 million). As at June 30, 2020, the accumulated loss of the Company stands at Rs. 12,991.812 million (December 31, 2019: Rs. 13,186.813 million) and its current liabilities exceed its current assets by Rs. 5,494.952 million (December 31, 2019: Rs. 5,962.44 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 13, 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:

2.7.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.497 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.7.2.1	576
Pakistan Telecommunication Authority (PTA)	2.7.2.2	2,387
Claims of Parties Challenged	2.7.2.3	852
Continuing business partners	2.7.2.4	592
Provision for taxation	2.7.2.5	340
		4,747

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

- 2.7.2.1** The management of the Company is in negotiation with banks for rollover of its running finance facilities amounting Rs. 442.212 Million and is confident that these will be rolled over on favorable terms with no immediate cash outflow. Moreover, it also include funds obtained from sponsor / related parties to the tune of Rs. 133.48 Million.
- 2.7.2.2** Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.3 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.
- 2.7.2.3** 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.
- 2.7.2.4** The amount payable to creditors amounting Rs. 592 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.
- 2.7.2.5** The Company does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.
- 2.7.3 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.

Note 3

Significant Accounting Policies

- 3.1** The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2019
- 3.2** Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2020, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

Note 4

Significant accounting Judgements and Estimates

The preparation of condensed interim (un-audited) financial statements in conformity with approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgement about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim (un-audited) financial statements, the significant judgements made by the management in applying accounting policies and the key source of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2019 expect for impairment testing of assets, taxation, provision for expected credit losses, identifying performance obligations in a bundled sale of goods and installation services, determining the timing of performance obligation satisfaction, determining method to estimate variable consideration, consideration of significant financing component in a contract and estimation of stand-alone selling price.



Note 5

Ordinary Share Capital

June 30, 2020	December 31, 2019			June 30, 2020	December 31, 2019
(Un-audited)	(Audited)		Note	(Un-audited)	(Audited)
No. of Shares				(Rupees in '000)	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
1,598,182,378	1,598,182,378	Ordinary shares of Rs. 10 each issued against convertible preference shares	5.1	15,981,824	15,981,824
				24,587,540	24,587,540
		Less: Discount on issue of shares	5.6	(12,972,288)	(12,972,288)
<u>2,458,753,891</u>	<u>2,458,753,891</u>			<u>11,615,252</u>	<u>11,615,252</u>

- 5.1 During the period, Nil (December 31, 2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.
- 5.2 The terms of agreement between the Company and certain lenders impose certain restrictions on distribution of dividends by the Company.
- 5.3 Worldcall Services (Private) Limited, parent of the Company, holds 983,117,312 shares (December 31, 2019: 983,117,312 shares) representing 39.98% (December 31, 2019: 39.98%) shareholding 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 8).
- 5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 2,039,085 shares (December 31, 2019: 185,221,085 shares) representing 0.08% (December 31, 2019: 7.53%) shareholding in the Company.
- 5.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Company.

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	(Rupees in '000)	
5.6 Reconciliation of discount on issue of shares is as follows:		
Opening balance	12,972,288	7,223,276
Add: Discount on issuance of ordinary shares during the period / year	-	5,749,012
Closing balance	<u>12,972,288</u>	<u>12,972,288</u>
5.7 Reconciliation of ordinary share capital is as follows:		
Opening balance	24,587,540	18,059,220
Add: Shares issued during the period / year	-	6,528,320
Closing balance	<u>24,587,540</u>	<u>24,587,540</u>

- 5.8 All ordinary shares rank equally with regard to residual assets of the Company. 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.
- 5.9 During the last year, shareholders of the Company resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Company be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Company as the Board of Directors of the Company may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association are in process.



Note 6

Preference Share Capital

		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Note	-----No. of Shares-----		------(Rupees in '000)-----	
Opening balance		208,600	255,400	2,114,651	2,585,646
Less: Preference shares converted into	6.3				
ordinary shares during the period / year		-	(46,800)	-	(470,995)
		<u>208,600</u>	<u>208,600</u>	<u>2,114,651</u>	<u>2,114,651</u>

- 6.1 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.
- 6.2 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.
- 6.3 In accordance with the terms detailed in Note 6.2 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 5.1 and Note 7.2.
- 6.4 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.
- 6.5 Worldcall Services (Private) Limited, parent of the Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.6 Ferret Consulting F.Z.C., an associate of the Company, holds 156,100 preference shares (December 31, 2019: 156,100 preference shares) in the Company.
- 6.7 AMB Management Consultants (Private) Limited, an associate of the Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.8 Mandatory date of conversion of CPS has expired during the year 2018 and the Company has failed to redeem the un-converted preference shares in a timely fashion as required 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.
- 6.9 During the last year, the preference shareholders in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 7

Dividend on Preference Shares

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
Dividends on preference shares	7.1	<u>772,136</u>	<u>772,136</u>

- 7.1 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.
- 7.2 During the period, cumulative preference dividend amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.


Note 8
Term Finance Certificates

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
Note		(Rupees in '000)	
Opening balance		1,287,110	1,317,110
Less: Payments made during the period/year		-	(30,000)
		1,287,110	1,287,110
Less: Current and overdue portion		(260,076)	(200,076)
		1,027,034	1,087,034
Add: Deferred markup	8.1	482,467	480,070
		<u>1,509,501</u>	<u>1,567,104</u>

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 (December 31, 2019: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 13.37% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

IGI Holding Limited (previously IGI Investment Bank Limited) is the Trustee (herein referred to as the Trustee) under the Trust Deed.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. During the year 2018, third rescheduling of these TFCs was successfully executed through signing of the Third Supplemental Trust Deed between the Trustees and the Company.

In accordance with the 3rd Supplemental Trust Deed executed during the year 2018, 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 included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. 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 pledged shares have not been released in proportion to the payments made during the year.

The Company has not paid due quarterly installments of June, September & December in 2019 and March & June in 2020. In case of failure to make due payments by the Company, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

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:

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

8.1 Deferred markup

Deferred markup	8.1.1	712,326	667,277
Adjustment due to impact of IFRS 9	8.1.2	(172,087)	(187,207)
Less: Current maturity of deferred markup		(57,772)	-
		<u>482,467</u>	<u>480,070</u>

8.1.1 Reconciliation of deferred markup is as follows:

Opening balance	667,277	588,776
Add: Markup deferred during the period/year	45,049	78,501
	<u>712,326</u>	<u>667,277</u>



	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
8.1.2 Reconciliation is as follows:		
Opening balance	187,207	192,117
Add: Discounting impact of deferred markup	10,883	28,667
	198,090	220,784
Less: Unwinding impact of discounted deferred markup	(26,003)	(33,577)
	<u>172,087</u>	<u>187,207</u>

Note 9

Long Term Financing

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
From Banking Companies (secured)		
Allied Bank Limited	9.1 74,073	87,330
Askari Bank Limited	9.2 -	-
	<u>74,073</u>	<u>87,330</u>
	<u>74,073</u>	<u>87,330</u>
9.1 Allied Bank Limited		
Opening balance	106,550	-
Transfer from running finance	-	120,697
Repayments	(9,223)	(14,147)
	<u>97,327</u>	<u>106,550</u>
Less: Current and overdue portion	(38,527)	(28,550)
	<u>58,800</u>	<u>78,000</u>
Add: Deferred markup	21,775	15,098
Less: Discounting of deferred markup	(7,762)	(5,768)
Add: Unwinding impact of discounted deferred markup	1,260	-
	<u>15,273</u>	<u>9,330</u>
	<u>74,073</u>	<u>87,330</u>

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility. Principal will be repaid in 48 stepped up monthly installments starting from January 2019 till December 2022. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from January 01, 2023. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the period on the outstanding balance ranged from 12.07% to 14.40% (2019: 11.4% to 14.7%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Company for Rs. 534 million and right to set off on collection account.

Subsequent to reporting date the Company has applied for restructuring of remaining installments though total repayment tenure would remain the same.

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
9.2 Askari Bank Limited		
Opening balance	17,787	48,627
Repayments	(17,787)	(30,840)
	<u>-</u>	<u>17,787</u>
Less: Current and overdue portion	-	(17,787)
	<u>-</u>	<u>-</u>

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 15.49% to 15.49% (2019: 12.80% to 15.13%) 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 favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 10

Sponsor's Loan

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
Sponsor's Loan - unsecured	Note		
- Interest bearing	10.1	506,250	466,050
- Non-interest bearing	10.2	1,012,053	950,589
		<u>1,518,303</u>	<u>1,416,639</u>
10.1	Opening balance	466,050	417,300
	Exchange loss	40,200	48,750
		<u>506,250</u>	<u>466,050</u>

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, 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 14.46% (2019: 12.34%) per annum. The amount is not payable over the period of next 1 and half years.

- 10.2** This represents interest free loan obtained from Worldcall Services (Private) Limited, the Parent Company. The amount is not payable over the period of next 1 and half years.

This loan has been carried at amortized cost and the relevant difference is being charged to the statement of profit or loss account.

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening balance	1,221,337	1,221,337
Transferred from current account	-	-
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	197,529	136,065
	<u>(209,284)</u>	<u>(270,748)</u>
	1,012,053	950,589

Note 11

Lease Liabilities

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening balance	239,454	-
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Accrued lease rentals as at December 31, 2018	-	7,848
Add: Additions during the year	48,515	-
Add: Interest expense	17,744	29,626
Less: Lease payments	(18,442)	(48,867)
Gross liability	<u>287,271</u>	<u>239,454</u>
Less: Current and overdue portion	(91,833)	(63,869)
Closing balance	<u>195,438</u>	<u>175,585</u>

11.1 Nature of leasing activities

The Company's leases comprise cables and certain premises for installation of equipment and used as warehouse, guest house and office operations. Periodic rentals are usually fixed over the lease term. However, in some contracts, it is customary for lease contracts to provide escalation in lease payments after specified period of time. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced at the reporting date.



Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 2 to 15 years.

Note 12

Short Term Borrowings

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
Banking companies (secured - interest bearing):			
- Running finances	12.1	442,212	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	12.2	62,904	363,726
- Worldcall Services (Private) Limited	12.3	70,577	128,108
		<u>575,693</u>	<u>934,046</u>

- 12.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 442.239 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 10.36% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively.

As at the reporting date, the Company had available Rs. Nil (2019: Rs. 21.86 million) of yet-to-be-drawn available / committed borrowing facilities.

- 12.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 369,356 (2019: USD 2,341,336). In the absence of written agreement, the amount is repayable on demand.

- 12.3 This represents interest free amount received from M/s Worldcall Services (Private) Limited to meet the working capital requirements. The amount is repayable on demand. Reconciliation is as follows:

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	24,448	98,793
Funds received during the year	40,379	367,332
Repayments during the year	(119,967)	(344,459)
Expenses charged to the Company	-	6,442
	<u>72,968</u>	<u>128,108</u>

12.4 Letters of credit and guarantees

Of the aggregate facilities of Rs. Nil million (2019: Rs. Nil million) for opening letters of credit and Rs. 485 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at June 30, 2020 was Nil (2019: Nil) and Rs. 356.461 million (2019: Rs. 339.138 million) respectively.

- 12.5 The facilities in note 11.1 and 11.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 13

Contingencies and Commitments

Contingencies

There is no significant change in the status of contingencies from the preceding annual financial statements of the Company for the year ended December 31, 2019.



		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
Guarantees and Letter of Credits			
Outstanding guarantees and letters of credit		356,461	339,138
Commitments			
Commitments in respect of capital expenditure		137,382	273,031
Note 14			
Property, Plant and Equipment			
		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
Operating fixed assets	14.1	6,172,031	6,516,313
Capital work-in-progress		69,084	68,569
		6,241,115	6,584,882
14.1 Operating fixed assets			
Opening book value		6,516,313	7,217,963
Additions during the period / year	14.1.1	2,380	76,704
		6,518,693	7,294,667
Disposals / settlement (at book value) for the period / year	14.1.2	(12,777)	(45,021)
Depreciation charged during the period / year		(333,885)	(733,333)
Closing book value		6,172,031	6,516,313
14.1.1 Detail of additions			
Leasehold improvements		-	3,347
Plant and equipment		2,189	71,055
Office equipment		58	465
Furniture and fixtures		-	1,046
Computers		133	791
		2,380	76,704
		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
14.1.2 Book values of assets disposed off			
Leasehold improvements		-	3,901
Plant and equipment		12,777	39,009
Office Equipment		-	1,183
Computers		-	55
Furniture and fixtures		-	687
Laboratory and other equipment		-	186
		12,777	45,021
Note 15			
Right of use assets			
Opening balance		2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019		-	250,847
Add: Prepaid lease rentals as at December 31, 2018		-	3,493
Add: Additions during the period / year		281,156	1,012,725
Less: Depreciation charge for the period / year		(85,879)	(130,810)
Closing balance		2,333,278	2,138,001
Lease Term (Years)		2 to 14	2 to 14

15.1 Depreciation on right-of-use assets has been allocated to depreciation and amortization on face of the statement of profit or loss.



- 15.2 There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

Note 16

Long Term Investment

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

Wholly owned subsidiary Company - at cost [unquoted]

Route 1 Digital (Private) Limited

30,000 (December 31, 2019: 30,000) ordinary shares of

Rs. 100 each, equity held 100% (December 31, 2018: 100%)

50,000	50,000
--------	--------

- 16.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during 2018. 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.

Note 17

Revenue

		Half Year Ended June 30,	
		2020	2019
		(Un-audited)	(Un-audited)
	Note	------(Rupees in '000)-----	
Telecom	17.1	1,663,062	992,814
Broadband	17.2	495,737	1,301,754
Other		2,075	13,517
Gross revenue		2,160,874	2,308,085
Less: Sales tax		(21,096)	(27,417)
Less: Discount		(6,553)	(11,734)
		2,133,225	2,268,934

- 17.1 This includes revenue amounting to Rs. 734 Million (USD 4.36 Million) receivable against International Clearing House (ICH) settlement agreement. ICH agreement started in Oct 2012 and ended in Feb 2015 during that period Pakistan Telecommunication Company Limited (PTCL) retained this amount against presumed provincial sales tax liability.

As per management, provincial sales tax was not chargeable on revenue generated from LDI calling network which is also evidenced from industry practice, and the deduction was unlawful based on which management issued legal notice to PTCL for recovery. Moreover PTCL itself obtained stay from different Honorable Courts of Law against provincial tax authorities on the plea that sales tax is not chargeable on revenue from LDI calling network.

Based on the above facts management is certain that the revenue retained by PTCL was unlawful and the Company has legal right for recoverability and so the revenue has been booked accordingly. The resultant receivable is adjusted against the respective payable balance.

- 17.2 This includes revenue amounting to Rs. 249 million (2019: Rs. 507.545 million) in respect of agreement for Indefeasible Right of Use of metro fiber with a customer. The agreement grants both parties to the agreement IRU for 20 years.



Note 18

Cash Used in Operations

	Half Year Ended June 30,	
	2020	2019
	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	95,714	173,026
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	333,885	427,982
- Amortization on intangible assets	195,017	195,017
- Amortization of right of use assets	85,879	23,255
- Provision for expected credit losses on trade debts	-	37,219
- Loss / (Gain) on disposal of property, plant and equipment	(39)	(645)
- Revenue from IRU agreement	(249,785)	-
- Disposal of fiber under IRU arrangement	12,778	24,543
- Unclaimed liabilities written back during the year	(91,323)	(374,522)
- Reversal of provision for advance to suppliers	(3,692)	(1,189)
- Post employment benefits	24,425	32,279
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(12,877)	(25,606)
- Income on deposits, advances and savings accounts	(17,387)	-
- Exchange loss on foreign currency loan	40,200	114,765
- Exchange loss on foreign currency accrued markup	2,011	-
- Exchange (gain)/loss on foreign currency balances - net	1,759	(95,601)
- Unwinding impact of liabilities under IFRS 9	88,727	91,652
- Finance cost	184,934	157,850
	594,463	606,999
Operating profit before working capital changes	690,177	780,025
(Increase) / decrease in current assets		
- Stores and spares	3,645	8,978
- Stock-in-trade	-	-
- Trade debts	(307,251)	(563,308)
- Loans and advances	11,705	(58,780)
- Deposits and prepayments	(20,197)	(18,054)
- Other receivables	(8,997)	(1,532)
Increase / (decrease) in current liabilities		
- Unearned revenue	34,706	18,440
- Trade and other payables	(353,388)	197,321
	(639,777)	(416,935)
Cash generated from operations	50,400	363,090

Note 19

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 period with local companies

			Half Year Ended June 30,	
Transactions during the period with local companies			2020	2019
			(Un-audited)	(Un-audited)
------(Rupees in '000)-----				
Related party	Relationship	Nature of transaction		
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	40,379	27,000
		Funds repaid by the Company during the period	119,968	-
		Settlement with multimedia	24,448	52,893
		Dividend on CPS	-	-
		Markup on long term borrowings	35,360	31,603
		Exchange loss on markup	2,011	-
		Markup paid during the period	-	107,923
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary	Expenses borne on behalf of subsidiary	1,066	3,079
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	6,928	10,038
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	600
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	50,375	63,972

Transactions during the period with foreign companies

Related party	Relationship	Nature of transaction		
Ferret Consulting - F.Z.C	Associate	Net funds received by the Company during the period	4,500	69,085
		Direct Cost-IT Service	2,700	-
		Expenses Charged during the year	2,125	-
		Adjustment during the period	337,500	-

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Company with Ferret is common directorship.

		June 30,	December 31,
		2020	2019
		(Un-audited)	(Audited)
Outstanding Balance as at the period/year end		(Rupees in '000)	
Worldcall Services (Private) Limited	Sponsor's loan	1,518,303	1,416,639
	Accrued markup	42,656	5,285
	Short term borrowings	70,577	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	62,904	363,726
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	50,000
	Other receivables	14,693	13,627
Worldcall Business Solutions (Private) Limited	Other receivables	59,889	52,961
ACME Telecom (Private) Limited	Other receivables	30	30
Worldcall Ride Hail (Private) Limited	Other receivables	16	16
Worldcall Cable (Private) Limited	Other receivables	2,110	2,110
Key management	Payable against expenses, salaries and other employee benefits	148,708	88,117
	Advance against expenses	11,332	15,312

Note 20

Financial Risk Management

20.1 Financial risk factors

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

The condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2019.

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

20.2 Fair value estimation

20.2.1 Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms' length transaction. Consequently difference may arise between carrying value and fair value estimates. The carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values. During the period, there were no significant changes in the business or economic circumstances that affect the fair value of these assets and liabilities.



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

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

The following table presents the Company's assets and liabilities that are measured at fair value at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Rupees in '000				
Assets				
Short-term investments	34,276	-	-	34,276

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Rupees in '000				
Assets				
Short-term investments	38,579	-	-	38,579

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

Note 21

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 and reporting 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 22

Impact of Covid 19 on the financial statements

Due to rapid spread of COVID-19 all across the world the overall global economy has been affected. At the end of March, 2020, the authorities implemented various measures trying to reduce the spread of the COVID-19 which includes a lock down, travel bans and quarantines. Telecommunication sector was among the sectors those were exempted from lockdown.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The management has assessed the implications of these developments on these condensed interim financial statements, including but not limited to the following areas:

- recoverability of receivable balances;
- the impairment of tangible assets under IAS 36, 'Impairment of non financial assets';
- the net realizable value of inventory under IAS 2, 'Inventories'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these condensed interim financial statements.

Note 23

Date of Authorization for Issue

These condensed interim financial statements (un-audited) were approved and authorized for issue on 09 October 2020 by the Board of Directors of the Company.

Note 24

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.


Chief Executive Officer


Director


Chief Financial Officer



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

HALF YEARLY ACCOUNTS 2020



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020**

		June 30, 2020	December 31, 2019
		Un-audited	Audited
	Note	----- (Rupees in '000) -----	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	11,615,252	11,615,252
Preference share capital	6	2,114,651	2,114,651
Dividend on preference shares	7	772,136	772,136
Capital reserves		472,150	476,453
Accumulated loss		(13,008,104)	(13,201,560)
Surplus on revaluation of fixed assets		1,126,535	1,247,166
		3,092,620	3,024,098
NON-CURRENT LIABILITIES			
Term finance certificates	8	1,509,501	1,567,104
Long term financing	9	74,073	87,330
Sponsor's loan	10	1,518,303	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		224,803	210,796
Lease liabilities	11	195,438	175,585
		4,543,618	4,478,954
CURRENT LIABILITIES			
Trade and other payables		6,059,679	6,094,672
Unearned revenue		90,516	55,810
Accrued mark up		249,046	136,847
Current and overdue portion of non-current liabilities		553,208	415,282
Short term borrowings	12	575,693	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		339,505	311,825
		7,869,454	7,950,289
Contingencies and Commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		15,505,692	15,453,341
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,243,916	6,587,998
Right of use assets	15	2,333,278	2,138,001
Intangible assets		1,767,941	1,962,998
Investment properties		48,800	48,800
Deferred taxation		2,735,781	2,725,027
Long term deposits		16,910	16,910
		13,146,626	13,479,734
CURRENT ASSETS			
Stores and spares		36,947	40,592
Stock-in-trade		204,777	204,777
Trade debts		1,289,995	896,948
Loans and advances		181,493	189,603
Deposits and prepayments		523,193	502,996
Short term investments		34,276	38,579
Other receivables		67,943	60,012
Cash and bank balances		20,442	40,100
		2,359,066	1,973,607
TOTAL ASSETS		15,505,692	15,453,341

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer



CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

		Half year ended June 30,		Quarter ended June 30,	
		2020	2019	2020	2019
Note		----- (Rupees in '000) -----			
Revenue	16	2,133,225	2,268,937	883,985	1,243,647
Direct costs excluding depreciation and amortization		(997,542)	(1,215,423)	(456,334)	(596,437)
Operating costs		(236,387)	(391,453)	(101,866)	(229,834)
Other income - net		83,670	403,710	137,898	206,556
Profit before Interest, Taxation, Depreciation and Amortization		982,966	1,065,771	463,683	623,932
Depreciation and amortization		(615,136)	(646,613)	(302,736)	(332,930)
Finance cost		(273,661)	(249,515)	(123,692)	(163,157)
Profit before Taxation		94,169	169,643	37,255	127,845
Taxation		(12,707)	20,852	6,098	(55,621)
Net Profit for the Period		81,462	190,495	43,353	72,224
Earnings per Share - basic (Rupees)		0.03	0.11	0.02	0.09
Earnings per Share - diluted (Rupees)		0.02	0.07	0.01	0.09

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020**

	Half year ended June 30,		Quarter ended June 30,	
	2020	2019	2020	2019
------(Rupees in '000)-----				
Net Profit for the Period	81,462	190,495	43,353	72,224
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- Changes in fair value of financial assets through other comprehensive income - net of tax	(4,303)	(9,309)	9,291	(10,608)
Item that may be subsequently reclassified to profit or loss:	-	-		
Other Comprehensive (Loss) / Income - net of tax	(4,303)	(9,309)	9,291	(10,608)
Total Comprehensive Profit for the Period - net of tax	<u>77,159</u>	<u>181,186</u>	<u>52,644</u>	<u>61,616</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.

Balaram
Chief Executive Officer

Vijay
Director

Bha
Chief Financial Officer



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,501,857)	1,466,342	2,942,513
(Rupees in '000)									
Net profit for the period	-	-	-	-	-	-	190,495	-	190,495
Other comprehensive loss for the period - net of tax	-	-	-	(9,309)	-	(9,309)	-	-	(9,309)
Total comprehensive income for the period - net of tax	-	-	-	(9,309)	-	(9,309)	190,495	-	181,186
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	107,897	(107,897)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(6,762)	(6,762)
Balance as at June 30, 2019	10,835,944	2,585,646	949,662	(36,083)	633,550	597,467	(13,203,465)	1,351,683	3,116,937
Net loss for the period	-	-	-	-	-	-	(125,007)	-	(125,007)
Other comprehensive income for the period - net of tax	-	-	-	9,773	-	9,773	22,744	-	32,517
Total comprehensive income / (Loss) for the period - net of tax	-	-	-	9,773	-	9,773	(102,263)	-	(92,490)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	104,168	(104,168)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(349)	(349)
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,012
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	-	(5,749,012)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,201,560)	1,247,166	3,024,098
Net income for the period	-	-	-	-	-	-	81,462	-	81,462
Other comprehensive loss for the period - net of tax	-	-	-	(4,303)	-	(4,303)	-	-	(4,303)
Total comprehensive income / (loss) for the period - net of tax	-	-	-	(4,303)	-	(4,303)	81,462	-	77,159
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	111,994	(111,994)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(8,637)	(8,637)
Balance as at June 30, 2020	11,615,252	2,114,651	772,136	(30,613)	502,763	472,150	(13,008,104)	1,126,535	3,092,620

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.

Balarambadi
Chief Executive Officer

N. B. Singh
Director

B. S. Singh
Chief Financial Officer



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

	Half Year Ended June 30,		
	2020	2019	
	(Un-audited)	(Un-audited)	
Note	----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	50,400	359,707
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term trade receivables		-	(311,240)
- Long term deposits		-	5,580
		-	(305,660)
		50,400	54,047
Post employment benefits paid		(10,418)	(546)
Finance cost paid		(5,276)	(43,246)
Income tax paid		(4,417)	(16,491)
Net Cash Generated from/(Used in) Operating Activities		30,289	(6,236)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,895)	(19,021)
Dividend income		49	-
Income on deposit and savings accounts		17,387	-
Proceeds from disposal of property, plant and equipment		39	1,860
Net Cash Generated from/(Used in) Investing Activities		14,580	(17,161)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(27,010)	(13,893)
Short term borrowings - net		(19,075)	96,536
Repayment of lease liability		(18,442)	(30,828)
Net Cash Generated from/(Used in) Financing Activities		(64,527)	21,815
Net (Decrease) / Increase in Cash and Cash Equivalents		(19,658)	(1,582)
Cash and cash equivalents at the beginning of the period		40,100	7,258
Cash and Cash Equivalents at the End of the Period		20,442	5,676

The annexed notes from 1 to 23 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer



NOTES OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020 FOR THE HALF YEAR ENDED JUNE 30, 2020

Note 1

The Company and its Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (refer to note 1.1)
 - Route 1 Digital (Private) Limited is the subsidiary (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** Worldcall Telecom Limited ("the 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 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 "Holding Company"), incorporated in Pakistan, owns 39.98% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.10% (2019: 47.75%)
- 1.2** Route 1 Digital (Private) Limited (the subsidiary) 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 obtained control on April 20, 2018.

Note 2

Basis of Preparation

- 2.1** These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2** These condensed interim financial statements are unaudited.
- 2.3** These condensed interim consolidated financial statements (un-audited) do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial statements since the last financial statements.
- 2.4** These condensed interim consolidated financial statements (un-audited) should be read in conjunction with annual audited consolidated financial statements for the year ended December 31, 2019. Comparative statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2019 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim consolidated financial statements for the half year ended June 30, 2019 and are adjusted in line with restatement done on year ended December 31, 2019.
- 2.5** These condensed interim (un-audited) consolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.
- 2.6** **Going concern assumption**
- 2.7.1** The Group has earned a profit after taxation of Rs. 81.462 million during the period ended June 30, 2020 (June 2019: profit after taxation of Rs. 190.495 million) which includes the impact of write back of liabilities for Rs. 97.288 million (June 2019: Rs. 374.52 million). As at June 30, 2020, the accumulated loss of the Group stands at Rs. 13,008.104 million (December 31, 2019: Rs. 13,201.560 million) and its current liabilities exceed its current assets by Rs. 5,510.388 million (December 31, 2019: Rs. 5,976.68 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in



note 13, 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 financial statements on going concern assumption is appropriate. The management has placed reliance on the following factors:

2.7.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5,510 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.7.2.1	576
Pakistan Telecommunication Authority (PTA)	2.7.2.2	2,387
Claims of Parties Challenged	2.7.2.3	852
Continuing business partners	2.7.2.4	592
Provision for taxation	2.7.2.5	340
		4,747

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

- 2.7.2.1** The management of the Group is in negotiation with banks for rollover of its running finance facilities amounting Rs. 442,212 Million and is confident that these will be rolled over on favorable terms with no immediate cash outflow. Moreover, it also include funds obtained from sponsor / related parties to the tune of Rs. 133.48 Million.
- 2.7.2.2** Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.3 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.
- 2.7.2.3** 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 Group's position, the management believes that such amounts may not be immediately payable under the circumstances.
- 2.7.2.4** The amount payable to creditors amounting Rs. 592 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.
- 2.7.2.5** The Group does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.

2.7.3 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 Company through its letter to the Company's Board of Directors.

Note 3

Significant Accounting Policies

- 3.1** The Group's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual consolidated financial statements of the Group for the year ended December 31, 2019
- 3.2** Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2020, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements.

Note 4

Significant accounting Judgements and Estimates

The preparation of condensed interim (un-audited) consolidated financial statements in conformity with approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgement about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim (un-audited) consolidated financial statements, the significant judgements made by the management in applying accounting policies and the key source of estimation were the same as those that were applied to the consolidated financial statements for the year ended December 31, 2019 expect for impairment testing of assets, taxation, provision for expected credit losses, identifying performance obligations in a bundled sale of goods and installation services, determining the timing of performance obligation satisfaction, determining method to estimate variable consideration, consideration of significant financing component in a contract and estimation of stand-alone selling price.



Note 5

Ordinary Share Capital

June 30, 2020	December 31, 2019		June 30, 2020	December 31, 2019
(Un-audited)	(Audited)	Note	(Un-audited)	(Audited)
No. of Shares			(Rupees in '000)	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash	3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger	3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan	1,085,109	1,085,109
1,598,182,378	1,598,182,378	Ordinary shares of Rs. 10 each issued against convertible preference shares	15,981,824	15,981,824
			24,587,540	24,587,540
		Less: Discount on issue of shares	(12,972,288)	(12,972,288)
<u>2,458,753,891</u>	<u>2,458,753,891</u>		<u>11,615,252</u>	<u>11,615,252</u>

- 5.1 During the period, Nil (December 31, 2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.
- 5.2 The terms of agreement between the Parent Company and certain lenders impose certain restrictions on distribution of dividends by the Company.
- 5.3 Worldcall Services (Private) Limited, the Holding Company, holds 983,117,312 shares (December 31, 2019: 983,117,312 shares) representing 39.98% (December 31, 2019: 39.98%) shareholding 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 8).
- 5.4 Ferret Consulting F.Z.C., an associate of the Group, holds 2,039,085 shares (December 31, 2019: 185,221,085 shares) representing 0.08% (December 31, 2019: 7.53%) shareholding in the Group.
- 5.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Group.

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	(Rupees in '000)	
5.6 Reconciliation of discount on issue of shares is as follows:		
Opening balance	12,972,288	7,223,276
Add: Discount on issuance of ordinary shares during the period / year	-	5,749,012
Closing balance	<u>12,972,288</u>	<u>12,972,288</u>
5.7 Reconciliation of ordinary share capital is as follows:		
Opening balance	24,587,540	18,059,220
Add: Shares issued during the period / year	-	6,528,320
Closing balance	<u>24,587,540</u>	<u>24,587,540</u>

- 5.8 All ordinary shares rank equally with regard to residual assets of the Group. 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.
- 5.9 During the last year, shareholders of the Parent Company resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Parent Company be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Parent Company as the Board of Directors of the Parent Company may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association are in process.



Note 6

Preference Share Capital

		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Note	-----No. of Shares-----		------(Rupees in '000)-----	
Opening balance		208,600	255,400	2,114,651	2,585,646
Less: Preference shares converted into ordinary shares during the period / year	6.3	-	(46,800)	-	(470,995)
		<u>208,600</u>	<u>208,600</u>	<u>2,114,651</u>	<u>2,114,651</u>

- 6.1 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.
- 6.2 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.
- 6.3 In accordance with the terms detailed in Note 6.2 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 5.1 and Note 7.2.
- 6.4 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.
- 6.5 Worldcall Services (Private) Limited, the Holding Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.6 Ferret Consulting F.Z.C., an associate of the Group, holds 156,100 preference shares (December 31, 2019: 156,100 preference shares) in the Company.
- 6.7 AMB Management Consultants (Private) Limited, an associate of the Group, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Parent Company.
- 6.8 Mandatory date of conversion of CPS has expired during the year 2018 and the Group has failed to redeem the un-converted preference shares in a timely fashion as required 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.
- 6.9 During the last year, the preference shareholders of the Parent Company in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Parent Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 7

Dividend on Preference Shares

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
Dividends on preference shares	7.1	<u>772,136</u>	<u>772,136</u>

- 7.1 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.
- 7.2 During the period, cumulative preference dividend amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.



Note 8

Term Finance Certificates

		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Note		------(Rupees in '000)-----	
Opening balance		1,287,110	1,317,110
Less: Payments made during the period/year		-	(30,000)
		1,287,110	1,287,110
Less: Current and overdue portion		(260,076)	(200,076)
		1,027,034	1,087,034
Add: Deferred markup	8.1	482,467	480,070
		<u>1,509,501</u>	<u>1,567,104</u>

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 (December 31, 2019: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 13.37% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

IGI Holding Limited (previously IGI Investment Bank Limited) is the Trustee (herein referred to as the Trustee) under the Trust Deed.

The liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. During the year 2018, third rescheduling of these TFCs was successfully executed through signing of the Third Supplemental Trust Deed between the Trustees and the Group.

In accordance with the 3rd Supplemental Trust Deed executed during the year 2018, 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 included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. 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 pledged shares have not been released in proportion to the payments made during the year.

The Group has not paid due quarterly installments of June, September & December in 2019 and March & June in 2020. In case of failure to make due payments by the Group, Trustee can instruct the security agent to enforce the letter of pledge and sell the quantum of the pledged shares to generate the amount required for the settlement of the outstanding redemption amount.

These TFCs are secured against first pari passu charge over the Parent 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:

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

8.1 Deferred markup

Deferred markup	8.1.1	712,326	667,277
Adjustment due to impact of IFRS 9	8.1.2	(172,087)	(187,207)
Less: Current maturity of deferred markup		(57,772)	-
		<u>482,467</u>	<u>480,070</u>

8.1.1 Reconciliation of deferred markup is as follows:

Opening balance	667,277	588,776
Add: Markup deferred during the period/year	45,049	78,501
	<u>712,326</u>	<u>667,277</u>



8.1.2 Reconciliation is as follows:

Opening balance
Add: Discounting impact of deferred markup

Less: Unwinding impact of discounted deferred markup

Note 9

Long Term Financing

	2020 (Un-audited)	2019 (Audited)
	------(Rupees in '000)-----	
	187,207	192,117
	10,883	28,667
	198,090	220,784
	(26,003)	(33,577)
	<u>172,087</u>	<u>187,207</u>

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
From Banking Companies (secured)	Note		
Allied Bank Limited	9.1	74,073	87,330
Askari Bank Limited	9.2	-	-
		<u>74,073</u>	<u>87,330</u>
		<u>74,073</u>	<u>87,330</u>
9.1 Allied Bank Limited			
Opening balance		106,550	-
Transfer from running finance		-	120,697
Repayments		(9,223)	(14,147)
		<u>97,327</u>	<u>106,550</u>
Less: Current and overdue portion		(38,527)	(28,550)
		<u>58,800</u>	<u>78,000</u>
Add: Deferred markup		21,775	15,098
Less: Discounting of deferred markup		(7,762)	(5,768)
Add: Unwinding impact of discounted deferred markup		1,260	-
		<u>15,273</u>	<u>9,330</u>
		<u>74,073</u>	<u>87,330</u>

This represents balance transferred as a result of restructuring of short term running finance (RF) facility to Term Loan Facility. Principal will be repaid in 48 stepped up monthly installments starting from January 2019 till December 2022. Markup will be accrued and will be serviced in 12 equal monthly installments, starting from January 01, 2023. Effective markup rate applicable will be 3 Month KIBOR + 85 bps. The mark up charged during the period on the outstanding balance ranged from 12.07% to 14.40% (2019: 11.4% to 14.7%) per annum. The facility is secured against 1st joint pari passu charge on present and future current and fixed assets excluding building of the Parent Company for Rs. 534 million and right to set off on collection account.

Subsequent to reporting date the Group has applied for restructuring of remaining installments though total repayment tenure would remain the same.

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
9.2 Askari Bank Limited	Note		
Opening balance		17,787	48,627
Repayments		(17,787)	(30,840)
		<u>-</u>	<u>17,787</u>
Less: Current and overdue portion		-	(17,787)
		<u>-</u>	<u>-</u>

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 15.49% to 15.49% (2019: 12.80% to 15.13%) 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 Parent Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.



Note 10

Sponsor's Loan

		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	------(Rupees in '000)-----	
Sponsor's Loan - unsecured			
- Interest bearing	10.1	506,250	466,050
- Non-interest bearing	10.2	1,012,053	950,589
		<u>1,518,303</u>	<u>1,416,639</u>
10.1	Opening balance	466,050	417,300
	Exchange loss	40,200	48,750
		<u>506,250</u>	<u>466,050</u>

This represents USD denominated loan obtained from Worldcall Services (Private) Limited, the Holding Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the year on the outstanding balance is 14.46% (2019: 12.34%) per annum. The amount is not payable over the period of next 1 and half years.

10.2 This represents interest free loan obtained from Worldcall Services (Private) Limited, the Holding Company. The amount is not payable over the period of next 1 and half years.

This loan has been carried at amortized cost and the relevant difference is being charged to the statement of profit or loss account.

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
Opening balance	1,221,337	1,221,337
Transferred from current account	-	-
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	197,529	136,065
	<u>(209,284)</u>	<u>(270,748)</u>
	1,012,053	950,589

Note 11

Lease Liabilities

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
Opening balance	239,454	-
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Accrued lease rentals as at December 31, 2018	-	7,848
Add: Additions during the year	48,515	-
Add: Interest expense	17,744	29,626
Less: Lease payments	(18,442)	(48,867)
Gross liability	<u>287,271</u>	<u>239,454</u>
Less: Current and overdue portion	(91,833)	(63,869)
Closing balance	<u>195,438</u>	<u>175,585</u>

11.1 Nature of leasing activities

The Group's leases comprise cables and certain premises for installation of equipment and used as warehouse, guest house and office operations. Periodic rentals are usually fixed over the lease term. However, in some contracts, it is customary for lease contracts to provide escalation in lease payments after specified period of time. These neither contain any variable lease payments nor any lease incentives. The Group is not committed to any lease not yet commenced at the reporting date.

Lease terms, and the remaining lease terms at the date of initial application, vary. Remaining lease term of existing lease contracts for which lease liability is booked ranges from 2 to 15 years.



Note 12

Short Term Borrowings

		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
Banking companies (secured - interest bearing):			
- Running finances	12.1	442,212	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	12.2	62,904	363,726
- Worldcall Services (Private) Limited	12.3	70,577	128,108
		<u>575,693</u>	<u>934,046</u>

- 12.1 Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 442.239 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the year on outstanding balances ranged from 10.36% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively.

As at the reporting date, the Group had available Rs. Nil (2019: Rs. 21.86 million) of yet-to-be-drawn available / committed borrowing facilities.

- 12.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 369,356 (2019: USD 2,341,336). In the absence of written agreement, the amount is repayable on demand.

- 12.3 This represents interest free amount received from M/s Worldcall Services (Private) Limited to meet the working capital requirements. The amount is repayable on demand. Reconciliation is as follows:

	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	24,448	98,793
Funds received during the year	40,379	367,332
Repayments during the year	(122,358)	(344,459)
Expenses charged to the Company	-	6,442
	<u>70,577</u>	<u>128,108</u>

12.4 **Letters of credit and guarantees**

Of the aggregate facilities of Rs. Nil million (2019: Rs. Nil million) for opening letters of credit and Rs. 485 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at June 30, 2020 was Nil (2019: Nil) and Rs. 356.461 million (2019: Rs. 339.138 million) respectively.

- 12.5 The facilities in note 11.1 and 11.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Parent Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Parent Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Parent Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 13

Contingencies and Commitments

Contingencies

There is no significant change in the status of contingencies from the preceding annual consolidated financial statements of the Group for the year ended December 31, 2019.



		June 30, 2020	December 31, 2019
	Note	(Un-audited)	(Audited)
------(Rupees in '000)-----			
Guarantees and Letter of Credits			
Outstanding guarantees and letters of credit		356,461	339,138
Commitments			
Commitments in respect of capital expenditure		137,382	273,031
Note 14			
Property, Plant and Equipment			
Operating fixed assets	14.1	6,174,832	6,519,429
Capital work-in-progress		69,084	68,569
		6,243,916	6,587,998
14.1 Operating fixed assets			
Opening book value		6,519,429	7,221,715
Additions during the period / year	14.1.1	2,380	76,704
		6,521,809	7,298,419
Disposals / settlement (at book value) for the period / year	14.1.2	(12,777)	(45,021)
Depreciation charged during the period / year		(334,200)	(733,969)
Closing book value		6,174,832	6,519,429
14.1.1 Detail of additions			
Leasehold improvements		-	3,347
Plant and equipment		2,189	71,055
Office equipment		58	465
Furniture and fixtures		-	1,046
Computers		133	791
		2,380	76,704
14.2 Book values of assets disposed off			
Leasehold improvements		-	3,901
Plant and equipment		12,777	39,009
Office Equipment		-	1,183
Computers		-	55
Furniture and fixtures		-	687
Laboratory and other equipment		-	186
		12,777	45,021
Note 15			
Right of use assets			
Opening balance		2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019		-	250,847
Add: Prepaid lease rentals as at December 31, 2018		-	3,493
Add: Additions during the period / year		281,156	1,012,725
Less: Depreciation charge for the period / year		(85,879)	(130,810)
Closing balance		2,333,278	2,138,001
Lease Term (Years)		2 to 14	2 to 14
15.1	Depreciation on right-of-use assets has been allocated to depreciation and amortization on face of the statement of profit or loss.		
15.2	There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed.		

Note 16

Revenue

		Half Year Ended June 30,	
		2020	2019
		(Un-audited)	(Un-audited)
------(Rupees in '000)-----			
	Note		
Telecom	16.1	1,663,062	992,814
Broadband	16.2	495,737	1,301,754
Other		2,075	13,520
Gross revenue		2,160,874	2,308,088
Less: Sales tax		(21,096)	(27,417)
Less: Discount		(6,553)	(11,734)
		2,133,225	2,268,937



- 16.1 This includes revenue amounting to Rs. 734 Million (USD 4.36 Million) receivable against International Clearing House (ICH) settlement agreement. ICH agreement started in Oct 2012 and ended in Feb 2015 during that period Pakistan Telecommunication Company Limited (PTCL) retained this amount against presumed provincial sales tax liability.

As per management, provincial sales tax was not chargeable on revenue generated from LDI calling network which is also evidenced from industry practice, and the deduction was unlawful based on which management issued legal notice to PTCL for recovery. Moreover PTCL itself obtained stay from different Honorable Courts of Law against provincial tax authorities on the plea that sales tax is not chargeable on revenue from LDI calling network.

Based on the above facts management is certain that the revenue retained by PTCL was unlawful and the Parent Company has legal right for recoverability and so the revenue has been booked accordingly. The resultant receivable is adjusted against the respective payable balance.

- 16.2 This includes revenue amounting to Rs. 249 million (2019: Rs. 507.545 million) in respect of agreement for Indefeasible Right of Use of metro fiber with a customer. The agreement grants both parties to the agreement IRU for 20 years.

Note 17

Cash Used in Operations

	Half Year Ended June 30,	
	2020	2019
	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	94,169	169,643
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	334,200	427,982
- Amortization on intangible assets	195,057	195,017
- Amortization of right of use assets	85,879	23,255
- Provision for expected credit losses on trade debts	-	37,219
- Loss / (Gain) on disposal of property, plant and equipment	(39)	(645)
- Revenue from IRU agreement	(249,785)	-
- Disposal of fiber under IRU arrangement	12,778	24,543
- Unclaimed liabilities written back during the year	(91,323)	(374,522)
- Reversal of provision for advance to suppliers	(3,692)	(1,189)
- Post employment benefits	24,425	32,279
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(12,877)	(25,606)
- Income on deposits, advances and savings accounts	(17,387)	-
- Exchange loss on foreign currency loan	40,200	114,765
- Exchange loss on foreign currency accrued markup	2,011	-
- Exchange (gain)/loss on foreign currency balances - net	1,759	(95,601)
- Unwinding impact of liabilities under IFRS 9	88,727	91,652
- Finance cost	184,934	157,850
	594,818	606,999
Operating profit before working capital changes	688,987	776,642
(Increase) / decrease in current assets		
- Stores and spares	3,645	8,978
- Stock-in-trade	-	-
- Trade debts	(307,251)	(563,308)
- Loans and advances	11,802	(58,780)
- Deposits and prepayments	(20,197)	(18,054)
- Other receivables	(7,931)	(1,532)
Increase / (decrease) in current liabilities		
- Unearned revenue	34,706	18,440
- Trade and other payables	(353,361)	197,321
	(638,587)	(416,935)
Cash generated from operations	50,400	359,707



Note 18

Transaction with Related Parties

Related parties comprise the holding 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 financial statements.

Transactions during the period with local companies

			Half Year Ended June 30,	
			2020	2019
			(Un-audited)	(Un-audited)
------(Rupees in '000)-----				
Related party	Relationship	Nature of transaction		
Worldcall Services (Private) Limited	Holding Company	Funds received by the Company during the period	40,379	27,000
		Funds repaid by the Company during the period	119,968	-
		Expense paid on behalf of the Company	-	-
		Expense charged to the Company	-	-
		Settlement with multimedia	24,448	52,893
		Dividend on CPS	-	-
		Markup on long term borrowings	35,360	31,603
		Exchange loss on markup	2,011	-
		Markup paid during the period	-	107,923
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	6,928	10,038

			Half Year Ended June 30,	
			2020	2019
			(Un-audited)	(Un-audited)
			----- (Rupees in '000) -----	
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	600
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	50,375	63,972

Transactions during the period with foreign companies

Related party	Relationship	Nature of transaction		
Ferret Consulting - F.Z.C	Associate	Net funds received by the Company during the period	4,500	69,085
		Direct Cost-IT Service	2,700	-
		Expenses Charged during the period	2,125	-
		Adjustment during the period	336,500	-

Ferret Consulting is incorporated in United Arab Emirates. Basis for association of the Parent Company with Ferret is common directorship.



		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		----- (Rupees in '000) -----	
Outstanding Balance as at the period/year end			
Worldcall Services	Sponsor's loan	1,518,303	1,416,639
(Private) Limited	Accrued markup	42,656	5,285
	Short term borrowings	70,577	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	62,904	363,726
Worldcall Business Solutions			
(Private) Limited	Other receivables	59,889	52,961
ACME Telecom (Private) Limited	Other receivables	30	30
Worldcall Ride Hail (Private) Limited	Other receivables	16	16
Worldcall Cable (Private) Limited	Other receivables	2,110	2,110
Key management	Payable against expenses, salaries and other employee benefits	148,708	88,117
	Advance against expenses	11,332	15,312

Note 19

Financial Risk Management

19.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019.

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

19.2 Fair value estimation

19.2.1 Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms' length transaction. Consequently difference may arise between carrying value and fair value estimates. The carrying value of all financial assets and liabilities reflected in the consolidated financial statements approximate to their fair values. During the period, there were no significant changes in the business or economic circumstances that affect the fair value of these assets and liabilities.

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at June 30, 2020:

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Short-term investments	34,276	-	-	34,276

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2019:



	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Short-term investments	38,579	-	-	38,579

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

Note 20

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 Parent 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 Group'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 Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting and reporting 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 21

Impact of Covid 19 on the financial statements

Due to rapid spread of COVID-19 all across the world the overall global economy has been affected. At the end of March, 2020, the authorities implemented various measures trying to reduce the spread of the COVID-19 which includes a lock down, travel bans and quarantines. Telecommunication sector was among the sectors those were exempted from lockdown.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth continued its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The management has assessed the implications of these developments on these condensed interim financial statements, including but not limited to the following areas:

- recoverability of receivable balances;
- the impairment of tangible assets under IAS 36, 'Impairment of non financial assets';
- the net realizable value of inventory under IAS 2, 'Inventories'; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these condensed interim consolidated financial statements.

Note 22

Date of Authorization for Issue

These condensed interim consolidated financial statements (un-audited) were approved and authorized for issue on 09 October 2020 by the Board of Directors of the Company.

Note 23

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.


Chief Executive Officer


Director


Chief Financial Officer



WorldCall Head Office: Plot No. 1566/124, Main Walton Road,
Lahore - 54750 Pakistan
Tel: (+92 42) 3667 1192-96 Fax: (+92 42) 3667 1197
www.worldcall.net.pk - www.worldcall.com.pk