



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

**30 JUNE 2017**



## 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

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



**Bankers**

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

**Registrar and Shares Transfer Office**

THK Associates (Pvt.) Limited  
1<sup>st</sup> 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)36671 192-96  
Fax: (+92 42) 36671 197

**Webpage**

[www.worldcall.com.pk](http://www.worldcall.com.pk)  
[www.worldcall.net.pk](http://www.worldcall.net.pk)



## DIRECTORS' REVIEW

The Board of Directors of Worldcall Telecom Limited ("Wordcall" or the "Company") is pleased to present its review report along with condensed interim financial information for the half year ended June 2017.

### Industry Overview

Through the enabling policies of the Ministry of Information Technology and Telecommunication, the telecommunication sector in the country has not only witnessed steady growth, but has also contributed to the national exchequer. Revenue from the Telecom Sector reached an estimated Rs 234.9 billion during the first 2 quarters of financial year 2016-2017 whereas an estimated Rs 53.76 billion were contributed, by way of taxes, regulatory fees, license fees and other charges, into the national exchequer.

Similarly there has been significant growth in the electronic media industry in the private sector. According to estimates there has been a cumulative investment of approximately U.S \$4.0 billion in the electronic media industry in Pakistan with expectations that it will escalate aggressively in next financial year.

### Financial Overview

Summary of financial results for the half year ended June 30, 2017 are as follows:

| Particulars   | Half Year Ended<br>June 30, 2017 | Half Year Ended<br>June 30, 2016 |
|---|----------------------------------|----------------------------------|
|   | Rs. in million                   |                                  |
| Revenue – net   | 1,091                            | 812                              |
| Direct Cost (excluding depreciation and Amortization) | (818)                            | (577)                            |
| Liabilities written back                              | 7,965                            | 100                              |
| EBITDA  | 7,977                            | (234)                            |
| Depreciation and Amortization                         | (539)                            | (601)                            |
| Finance Cost  | (244)                            | (261)                            |
| Profit/(Loss) after tax                               | 6,874                            | (1,118)                          |

During the period under review, the Company closed its financial results reporting Rs 6,874 million as profit after tax. The profitability is mainly attributable to the liabilities written back under the Share Purchase Agreement executed last year. Moreover the company experienced an increase of Rs 279 million (34%) in its revenue as compared to first 6 months of last year indicating bright future prospects. The increase in direct cost of 42% is in line with the increase in revenue reported whereas depreciation and amortization expense reduced since company disposed fixed assets worth Rs 570 million during the period.



The Company's turnaround has started and it has posted operational profit covering up losses of Rs 234 million as compared to the comparative period. The operational profitability has improved significantly which shows positive advancement by the Company in terms of operations.

The Directors anticipate this trend to continue for the remaining half year as well.

### **Future Outlook**

Company has undergone a major transformation with exit of previous sponsors and major overhaul of operational structure as part of the transition process. Critical deliverables left unaddressed over the last two years have been addressed through funds made available as part of the transaction and Management is pleased to report that results are showing a corresponding improvement in absolute terms along with positive trends moving forward.

The new management remains focused on enhancing the profitable revenue streams and rationalization of cost with a clear roadmap defined to improve the bottom line. Besides revenue escalation and margin improvements, Management further plans to restructure the wireless broadband business with major focus on reduction in fixed operational cost. Furthermore, Company has successfully rebuilt LDI business to materialize its share from market with continued focus on further improvement. Company is also in process of addressing existing finance liabilities in a coherent manner, which would further ease the burden in meeting financial obligations. Moreover with the increase in subscriber base, as evident from the operating profitability, the Company's performance is to get better for certain.

### **Company's staff and customers**

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

For and on behalf of the Board of Directors

**Babar Ali Syed**  
Chief Executive Officer

Lahore.  
December 27, 2017

روپے کی مقررہ اثاثوں کو خارج کر دیا ہے کمپنی بہتری کی طرف گامزن ہے اور اس نے موازنہ کی مدت کے مقابلے میں 234 ملین ڈالر کا خسارہ پورا کر لیا ہے۔ آپریشنل منافع خوری میں نمایاں طور پر بہتری آئی ہے جو کہ کافی خوش آئند ہے۔ ڈائریکٹرز امید کرتے ہیں کہ یہ رجحان بقیہ سال بھی جاری رہے گا۔

## مستقبل کا نقطہ نظر

منتقلی کے حصہ کے طور پر، پچھلے سانسرز کے اخراج اور آپریشنل ڈھانچے کی بڑی تذبذب کے ساتھ کمپنی ایک اہم تبدیلی سے گزر چکی ہے۔ گزشتہ دو سال سے پائرسٹ غیر معمولی نتائج کو ٹرانزیکشن کے حصہ کے طور پر دستیاب فنڈ سے حل کیا گیا ہے۔ مینجمنٹ کو رپورٹ کرنے پر خوشی ہے کہ نتائج مستقبل میں مثبت رجحانات کے ساتھ ساتھ مطلق شرائط میں بہتری کی طرف گامزن ہیں۔

نئی مینجمنٹ کی، منافع بخش آمدنی کے سلسلے میں اضافہ اور قیمت کے توازن کو واضح طور پر بائیں لائن کی بہتری کے لئے واضح سمت کے ساتھ توجہ مرکوز ہے۔ آمدنی میں اضافے اور مارجن کی بہتری کے علاوہ مینجمنٹ نے فیکس آپریشنل کاسٹ میں کمی پر بڑی توجہ کے ساتھ وائرس براڈ بینڈ کے کاروبار کی بحالی کے لئے مزید منصوبوں کی منصوبہ بندی کی ہے۔ اس کے علاوہ کمپنی نے کامیابی سے ایل ڈی آئی کے کاروبار کو دوبارہ سے تعمیر کیا ہے۔ تاکہ مسلسل توجہ مرکوز کے ساتھ مارکیٹ سے اپنا حصہ مزید بہتر بنائے۔ کمپنی موجودہ مالیاتی ذمہ داریوں کو ایک موثر طریقے سے پورا کرنے کے عمل میں بھی ہے۔ جو مالیاتی ذمہ داریوں کے بوجھ کو پورا کرنے میں مزید آسان بنائے گا۔ اس کے علاوہ صارفین میں اضافے کی بدولت آپرینٹنگ منافع خوری بہتری کی طرف جائے گی۔

## کمپنی کے ملازمین اور صارفین

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

بجکم بورڈ آف ڈائریکٹرز

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور  
27 دسمبر 2017



## ڈائریکٹرز کا تجزیہ

ورلڈ کال ٹیلی کام لمیٹڈ (“ورلڈ کال“ یا “کمپنی“) کے ڈائریکٹرز 30 جون 2017ء کو اختتام پذیر غیر آڈٹڈ سہ ماہی میں معلومات کا مختصر جائزہ پیش کرتے ہیں۔

### صنعت کا جائزہ

وزارت انفارمیشن ٹیکنالوجی اور ٹیلی کمیونیکیشن کی فعال پالیسیوں کی بدولت ملک میں ٹیلی مواصلات سیکٹر نے نہ صرف مسلسل ترقی کا مشاہدہ کیا بلکہ اس نے قومی محاصرہ میں حصہ لیا۔ سیکٹر سے آمدنی 2016-2017 کے پہلے دو سہ ماہی کے دوران 234.9 بلین روپے تک پہنچ گئی جبکہ حال ہی میں ٹیکس، ریگولیٹری فیس، لائسنس فیس، لائسنس کی فیس اور دیگر الزامات کے مطابق قومی خزانے میں 53.76 بلین روپے کی مدد کی گئی۔ اسی طرح نجی شعبے میں ایکٹرانک میڈیا صنعت میں نمایاں اضافہ ہوا ہے۔ اندازے کے مطابق پاکستان میں ایکٹرانک میڈیا انڈسٹری کے تقریباً 4.0 بلین ڈالر کا مجموعی سرمایہ کاری ہے، جس میں توقع ہے اگلے مالی سال میں کافی تیزی آئے گی۔

### مالیاتی جائزہ

30 جون 2017 کو ختم ہونے والے نصف سال کے لئے مالیاتی نتائج کا خلاصہ مندرجہ ذیل ہے:

| Particulars   | Half Year Ended<br>June 30, 2017 | Half Year Ended<br>June 30, 2016 |
|---|----------------------------------|----------------------------------|
|   | Rs. in million                   |                                  |
| Revenue– net  | 1,091                            | 812                              |
| Direct Cost (excluding depreciation and Amortization) | (818)                            | (577)                            |
| Liabilities written back                              | 7,965                            | 100                              |
| EBITDA  | 7,977                            | (234)                            |
| Depreciation and Amortization                         | (539)                            | (601)                            |
| Finance Cost  | (244)                            | (261)                            |
| Profit/(Loss) after tax                               | 6,874                            | (1,118)                          |

مدت کے دوران، کمپنی نے ٹیکس کے بعد منافع کے طور پر 6,874 بلین روپے کے اپنے مالیاتی نتائج کا اعلان کیا۔ یہ منافع زیادہ تر ختم شدہ ذمہ داریوں پر مبنی ہے جو کہ SPA کے تحت ختم کی گئی ہیں۔ اس کے علاوہ کمپنی نے پچھلے 6 ماہ کے مقابلے میں 279 بلین روپے (34 فیصد) کی آمدنی ظاہر کی جو کہ کافی خوش آئند ہے۔ Direct Cost میں 42% کا اضافہ برقی ہوئی آمدن کے ساتھ ہے جبکہ Depreciation & Amortization کے اخراجات میں کمی ہوئی ہے کیونکہ کمپنی نے مدت کے دوران 570 بلین

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **WorldCall Telecom Limited** as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes to the financial information for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended June 30, 2016 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for half year ended June 30, 2017.

### *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 financial information consists of making inquiries, primarily of persons responsible for the 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 information as of and for the half year ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Emphasis of Matter**

We draw attention to note 2.5 to the condensed interim financial information (un-audited), which indicates that the Company has earned profit after taxation of Rs. 6,873.84 million for the six months period ending June 30, 2017 which includes the impact of write back of liabilities for Rs. 7,964.78 million. As of that date, the Company has accumulated losses of Rs. 11,963.03 million and its current liabilities exceeded its current assets by Rs. 9,968.45 million. These conditions, along with others set forth in note 2.5, 6 and 7 to the condensed interim financial information (un-audited), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

**Horwath Hussain Chaudhury & Co.**  
Chartered Accountants

(Engagement Partner: Amin Ali)

LAHORE

Dated: December 27, 2017



## CONDENSED INTERIM BALANCE SHEET AS AT 30 JUNE 2017

|   | June 30,<br>2017<br>(Un-audited) | December 31,<br>2016<br>(Audited) |
|---|----------------------------------|-----------------------------------|
| Note  | ----- (Rupees in '000) -----     |                                   |
| <b>Share Capital and Reserves</b>   |                                  |                                   |
| Authorized share capital:<br>1,500,000,000 (December 31, 2016: 1,500,000,000) ordinary shares of Rs 10 each               | 15,000,000                       | 15,000,000                        |
| 500,000 (December 31, 2016: 500,000) preference shares of USD 100 each<br>(USD 50,000,000 equivalent to Rs 6,000,000,000) | 6,000,000                        | 6,000,000                         |
| Ordinary share capital  | 8,605,716                        | 8,605,716                         |
| Preference share capital  | 3,537,700                        | 3,537,700                         |
| Capital reserves:   |                                  |                                   |
| - Share premium   | 837,335                          | 837,335                           |
| - Fair value reserve  | 32,327                           | 85,910                            |
| - Exchange translation reserve  | 137,300                          | 130,300                           |
| Revenue reserve: Accumulated loss   | (11,963,033)                     | (18,755,400)                      |
|   | 1,187,345                        | (5,558,439)                       |
| <b>Surplus on Revaluation of Fixed Assets</b>   | 651,549                          | 697,849                           |
| <b>Non-Current Liabilities</b>  |                                  |                                   |
| Long term financing   | 66,640                           | 42,887                            |
| Retirement benefits   | 108,533                          | 274,930                           |
| Dividend payable on preference shares   | 864,031                          | 743,255                           |
| Long term deposits  | 35,136                           | 35,136                            |
|   | 1,074,340                        | 1,096,208                         |
| <b>Current Liabilities</b>  |                                  |                                   |
| Current portion of non-current liabilities  | 1,613,048                        | 5,247,019                         |
| Short term borrowings   | 976,017                          | 960,677                           |
| License fee payable   | 1,021,500                        | 1,021,500                         |
| Trade and other payables  | 7,484,240                        | 11,914,311                        |
| Provision for taxation - net  | 328,736                          | -                                 |
| Interest and mark up accrued  | 463,826                          | 384,092                           |
|   | 11,887,367                       | 19,527,599                        |
| <b>Contingencies and commitments</b>  | -                                | -                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>14,800,601</b>                | <b>15,763,217</b>                 |
| <b>Non-Current Assets</b>   |                                  |                                   |
| Property, plant and equipment   | 7,206,248                        | 8,079,493                         |
| Intangible assets   | 2,894,108                        | 3,088,720                         |
| Investment properties   | 56,320                           | 38,520                            |
| Long term trade receivable  | 70,965                           | 77,061                            |
| Deferred taxation   | 2,607,022                        | 2,531,937                         |
| Long term loans   | 3,090                            | 3,211                             |
| Long term deposits  | 43,926                           | 32,641                            |
|   | 12,881,679                       | 13,851,583                        |
| <b>Current Assets</b>   |                                  |                                   |
| Stores and spares   | 81,520                           | 88,179                            |
| Stock-in-trade  | 67,271                           | 67,290                            |
| Trade debts   | 934,007                          | 761,262                           |
| Loans and advances  | 211,940                          | 141,389                           |
| Deposits and prepayments  | 428,545                          | 431,819                           |
| Short term investments  | 97,216                           | 150,799                           |
| Other receivables   | 59,283                           | 119,486                           |
| Income tax recoverable - net  | -                                | 31,440                            |
| Cash and bank balances  | 39,140                           | 119,970                           |
|   | 1,918,922                        | 1,911,634                         |
| <b>Non-Current Assets Classified as Held for Sale</b>   | -                                | -                                 |
| <b>TOTAL ASSETS</b>   | <b>14,800,601</b>                | <b>15,763,217</b>                 |

The annexed notes 1-18 form an integral part of this condensed interim financial information (un-audited).

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2017

|  | Half Year Ended June 30,     |                           | Quarter Ended June 30,  |                         |
|--|------------------------------|---------------------------|-------------------------|-------------------------|
|  | 2017                         | 2016                      | 2017                    | 2016                    |
| Note   | ----- (Rupees in '000) ----- |                           |                         |                         |
| Revenue - net  | 1,090,914                    | 811,819                   | 564,180                 | 305,094                 |
| Direct cost excluding depreciation and amortization                          | (818,413)                    | (577,392)                 | (454,210)               | (252,755)               |
| Operating cost   | (392,353)                    | (579,688)                 | (188,342)               | (308,321)               |
| Advertisement and marketing expenses   | (1,551)                      | -                         | (1,088)                 | -                       |
| Liabilities written back   | 7,964,781                    | 99,506                    | 7,964,781               | -                       |
| Gain on re-measurement of investment property at fair value                  | 17,800                       | -                         | 17,800                  | -                       |
| Other income / (expense) - net   | 115,669                      | 11,689                    | (4,369)                 | 5,846                   |
| <b>Profit/(Loss) before Interest, Taxation, Depreciation and Amotisation</b> | <u>7,976,847</u>             | <u>(234,066)</u>          | <u>7,898,752</u>        | <u>(250,136)</u>        |
| Depreciation and amortization  | (539,193)                    | (600,940)                 | (254,228)               | (350,051)               |
| Finance cost   | (244,366)                    | (260,915)                 | (191,976)               | (137,357)               |
| <b>Profit / (Loss) before Taxation</b>                                       | <u>7,193,288</u>             | <u>(1,095,921)</u>        | <u>7,452,548</u>        | <u>(737,543)</u>        |
| Taxation   | (319,445)                    | (22,499)                  | (308,879)               | (9,872)                 |
| <b>Profit / (Loss) for the Period</b>  | <u><u>6,873,843</u></u>      | <u><u>(1,118,420)</u></u> | <u><u>7,143,669</u></u> | <u><u>(747,415)</u></u> |
| <b>Basic and Diluted Earnings / (Loss) per Share</b>                         | <u>7.85</u>                  | <u>(1.42)</u>             | <u>8.23</u>             | <u>(0.93)</u>           |

The annexed notes 1-18 form an integral part of this condensed interim financial information (un-audited).

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2017**

|   | Half Year Ended June 30,    |                    | Quarter Ended June 30,      |                  |
|---|-----------------------------|--------------------|-----------------------------|------------------|
|   | 2017                        | 2016               | 2017                        | 2016             |
|   | ------(Rupees in '000)----- |                    | ------(Rupees in '000)----- |                  |
| Net Profit / (Loss) for the Period                                      | 6,873,843                   | (1,118,420)        | 7,143,669                   | (747,415)        |
| <i>Other comprehensive income</i>                                       |                             |                    |                             |                  |
| Items that will not be re-classified subsequently to the profit or loss | -                           | -                  | -                           | -                |
| Items that may be reclassified subsequently to the profit or loss       |                             |                    |                             |                  |
| - Change in fair value of available-for-sale financial assets           | (53,583)                    | (11,463)           | (27,124)                    | 323              |
| <b>Total Comprehensive Income / (Loss) for the Period</b>               | <u>6,820,260</u>            | <u>(1,129,883)</u> | <u>7,116,545</u>            | <u>(747,092)</u> |

The annexed notes 1-18 form an integral part of this condensed interim financial information (un-audited).

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2017

|  | Half Year Ended June 30,    |                  |                 |
|--|-----------------------------|------------------|-----------------|
|  | 2017                        | 2016             |                 |
| Note   | -----:(Rupees in '000)----- |                  |                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                             |                  |                 |
| <b>Cash generated from operations</b>                            | 13                          | 413,413          | 75,948          |
| <i>(Increase) / decrease in non-current assets:</i>              |                             |                  |                 |
| - Long term deposits   |                             | (11,285)         | 1,633           |
| - Long term loans  |                             | 121              | (1,293)         |
| - Long term trade receivables                                    |                             | 14,574           | 14,949          |
| <i>Decrease in non-current liabilities:</i>                      |                             |                  |                 |
| - Long term deposits   |                             | -                | (50)            |
| Retirement benefits paid   |                             | (194,346)        | (19,523)        |
| Finance cost paid  |                             | (164,632)        | (60,173)        |
| Taxes paid   |                             | (34,354)         | (14,333)        |
|  |                             | <u>(389,922)</u> | <u>(78,790)</u> |
| <b>Net cash generated from / (used in) operating activities</b>  |                             | 23,491           | (2,842)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                             |                  |                 |
| Property, plant and equipment purchased                          |                             | (39,543)         | (12,100)        |
| Intangibles purchased  |                             | (1,743)          | -               |
| Proceeds from disposal of property, plant and equipment          |                             | 1,843            | 1,160           |
| <b>Net cash used in investing activities</b>                     |                             | (39,443)         | (10,940)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                             |                  |                 |
| Repayment of long term financing                                 |                             | (78,609)         | (11,501)        |
| Short term borrowings - net                                      |                             | 15,340           | 3,275           |
| Repayment of liabilities against assets subject to finance lease |                             | (1,609)          | (553)           |
| <b>Net cash used in financing activities</b>                     |                             | (64,878)         | (8,779)         |
| <b>Net Decrease in Cash and Cash Equivalents</b>                 |                             | (80,830)         | (22,561)        |
| Cash and cash equivalents at the beginning of the period         |                             | 119,970          | 29,900          |
| <b>cash and Cash Equivalents at the end of the Period</b>        |                             | <u>39,140</u>    | <u>7,339</u>    |

The annexed notes 1-18 form an integral part of this condensed interim financial information (un-audited).

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2017**

| Particulars   | Share Capital          |                          | Capital Reserves |                    | Exchange Translation Reserve | Revenue Reserve  |                  | Total |
|---|------------------------|--------------------------|------------------|--------------------|------------------------------|------------------|------------------|-------|
|   | Ordinary Share Capital | Preference Share Capital | Share Premium    | Fair Value Reserve |                              | Accumulated loss | Accumulated loss |       |
| <b>Balance as at December 31, 2015 (Audited)</b>                | 8,605,716              | 3,537,700                | 837,335          | 22,971             | 130,300                      | (17,307,020)     | (4,172,989)      |       |
| Loss for the period   | -                      | -                        | -                | -                  | -                            | (1,118,420)      | (1,118,420)      |       |
| Other comprehensive loss for the period - net of tax            | -                      | -                        | -                | (11,463)           | -                            | -                | (11,463)         |       |
| Total comprehensive loss for the period - net of tax            | -                      | -                        | -                | (11,463)           | -                            | -                | (11,463)         |       |
| Transfer to surplus on revaluation of fixed assets              | -                      | -                        | -                | -                  | -                            | (1,118,420)      | (1,118,420)      |       |
| Exchange translation reserve                                    | -                      | -                        | -                | -                  | (3,500)                      | 3,500            | -                |       |
| Dividend on preference shares                                   | -                      | -                        | -                | -                  | (3,500)                      | (107,300)        | (107,300)        |       |
| Total transactions with owners, recognized directly in equity   | -                      | -                        | -                | -                  | (3,500)                      | (103,800)        | (107,300)        |       |
| <b>Balance as at June 30, 2016 (Un-Audited)</b>                 | 8,605,716              | 3,537,700                | 837,335          | 11,508             | 126,800                      | (18,529,244)     | (5,410,185)      |       |
| Loss for the period   | -                      | -                        | -                | -                  | -                            | (146,316)        | (146,316)        |       |
| Other comprehensive (loss) / income for the period - net of tax | -                      | -                        | -                | 74,402             | -                            | 10,212           | 84,614           |       |
| Total comprehensive loss for the period - net of tax            | -                      | -                        | -                | 74,402             | -                            | (136,104)        | (61,702)         |       |
| Transfer from surplus on revaluation of fixed assets            | -                      | -                        | -                | -                  | -                            | 23,150           | 23,150           |       |
| Exchange translation reserve                                    | -                      | -                        | -                | -                  | 3,500                        | (3,500)          | -                |       |
| Dividend on preference shares                                   | -                      | -                        | -                | -                  | (109,702)                    | (109,702)        | (109,702)        |       |
| Total transactions with owners, recognized directly in equity   | -                      | -                        | -                | -                  | 3,500                        | (113,202)        | (109,702)        |       |
| <b>Balance as at December 31, 2016 (Audited)</b>                | 8,605,716              | 3,537,700                | 837,335          | 85,910             | 130,300                      | (18,755,400)     | (5,558,439)      |       |
| Profit for the period   | -                      | -                        | -                | -                  | -                            | 6,873,843        | 6,873,843        |       |
| Other comprehensive loss for the period - net of tax            | -                      | -                        | -                | (53,583)           | -                            | (53,583)         | (53,583)         |       |
| Total comprehensive loss for the period - net of tax            | -                      | -                        | -                | (53,583)           | -                            | 6,873,843        | 6,820,260        |       |
| Transfer from surplus on revaluation of fixed assets            | -                      | -                        | -                | -                  | -                            | 6,873,843        | 6,873,843        |       |
| Exchange translation reserve                                    | -                      | -                        | -                | -                  | 7,000                        | (7,000)          | -                |       |
| Dividend on preference shares                                   | -                      | -                        | -                | -                  | -                            | (120,776)        | (120,776)        |       |
| Total transactions with owners, recognized directly in equity   | -                      | -                        | -                | -                  | 7,000                        | (127,776)        | (120,776)        |       |
| <b>Balance as at June 30, 2017 (Un-Audited)</b>                 | 8,605,716              | 3,537,700                | 837,335          | 32,327             | 137,300                      | (11,963,033)     | 1,187,345        |       |

The annexed notes 1-16 form an integral part of this condensed interim financial information (un-audited).

*Balanda*

Chief Executive Officer

*B. S. Singh*

Chief Financial Officer

*N. Singh*

Director





## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2017

Note 1

### Legal Status and Nature of Business

- 1.1 Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on March 15, 2001 under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Company is domiciled in Pakistan and its registered office is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.
- 1.2 During the last year, a share purchase agreement (SPA) dated October 11, 2016 was signed between the Parent company, Worldcall Services (Private) Limited ("WSL") and Ferret Consulting - F.Z.C (a company based in the United Arab Emirates), through which 488,839,429 ordinary shares (56.80% ordinary shares) and 297,500 preference shares (85% preference shares) of the Company were to be acquired by WSL and Ferret Consulting - F.Z.C respectively from the Parent company. The Company's Chief Executive, a Director and Chief Financial Officer are majority shareholders of WSL and Ferret Consulting - F.Z.C. (hereinafter collectively also referred to as "Acquirers").
- 1.3 Preference shares of the Company were transferred to Ferret Consulting - F.Z.C on successful execution of SPA during the period.
- 1.4 However, ordinary shares required to be transferred to WSL on successful execution of SPA were transferred subsequent to the reporting date (Note 16). WSL also announced the public offer to acquire shares from minority shareholders on March 8, 2017 and acquired 13,028,498 shares at a price of Rs. 2.69 per ordinary share.
- 1.5 Oman Telecommunications Company SAOG (the "Parent company") owned 488,839,429 ordinary shares i.e. 56.80% (2016: 488,839,429 ordinary shares - 56.80%) and 52,500 preference shares - 15% (2016 : 350,000 preference shares - 100%) of the Company as of June 30, 2017. Subsequent to the reporting date, 488,839,429 ordinary shares from Parent Company have been transferred to WSL (refer to Note 16).

Note 2

### Basis of Preparation

- 2.1 This condensed interim financial information of the Company for the half year ended June 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended December 31, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended December 31, 2016 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited condensed interim financial information for the half year ended June 30, 2016.
- 2.3 This condensed interim financial information is unaudited; however, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.
- 2.4 This condensed interim un-audited financial information is 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.
- 2.5 **Going concern assumption**

The Company has earned a profit after taxation of Rs. 6,873.84 million during the period ended June 30, 2017 (June 30, 2016: loss after taxation of Rs. 1,118.42 million) which includes the impact of write back of liabilities for Rs. 7,964.78 million. As at June 30, 2017, the accumulated loss of the Company stands at Rs. 11,963.03 million (December 31, 2016: Rs. 18,755.4 million) and current liabilities exceed current assets by Rs. 9,968.45 million (December 31, 2016: Rs. 17,615.97 million). These conditions, along with the factors discussed in note 6 and note 7, 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. These factors have been fully elaborated in the audited financial statements for the year ended December 31, 2016.

The Company's management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of this condensed interim un-audited financial information is appropriate based on the following grounds:

**2.5.1** The Company's BOD in consultation with the Acquirers (as referred to in Note 1.2), approved a business plan that included investment in infrastructure of Broadband business to enhance its customer base, capacities and resultant sales volumes, increase in international termination revenue, enhancement of EVDO business, sale of passive infrastructure (towers, civil works and gensets etc.) and properties, containment of excess costs through layoffs and retrenchment to achieve right sizing of the human resources; and using the proceeds therefrom for other profitable operations and settling liabilities. As a result of these initiatives, the Company has successfully turned into operational profit in the period under review.

Apart from the SPA, WSL will further arrange to provide USD 5 million (approximately Rs 523.5 million). The management intends to apply these funds for replenishment of the Company's inventory, mainly for the purchase of Customer Premises Equipment (CPEs) in order to increase customer base and revenue.

As at the reporting date, the Company has received USD 11.5 million and USD 4 million from Omantel and WSL respectively and the SPA has successfully been executed. The funds received under the terms of the SPA have been mainly applied in partially settling overdue and outstanding operational, financial and statutory liabilities. Furthermore, after successful execution of SPA, the liabilities towards Omantel and National Bank of Oman stand waived off / novated.

**2.5.2** Furthermore, WSL, based on certain commitments of an investor, has assured support to the Company for continuing as a going concern through its letter to the Company's Board of Directors. Subsequent to the reporting period, WSL has provided certain funding to the Company in order to meet its cash flow requirement. In view of above factors, the management believes that the risks posed by material uncertainties leading to a significant doubt about going concern have been properly mitigated. Consequently, this financial information has been prepared on the assumption that the Company will continue as a going concern.

Note 3

**Significant Accounting Policies**

The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of this condensed interim un-audited financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2016.

Note 4

**Significant Accounting Judgments and Estimates**

The preparation of condensed interim un-audited financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim un-audited financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2016.

Note 5

**Long Term Financing**

|  |      | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|------|--------------------------|------------------------------|
|  | Note | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)-----                                |      |                          |                              |
| <b>From Banking Companies (Interest-bearing - Secured)</b> |      |                          |                              |
| Askari Bank Limited  | 5.1  | 57,890                   | -                            |
| National Bank of Oman                                      | 5.2  | -                        | -                            |
| Soneri Bank Limited  | 5.3  | -                        | 637                          |
| Allied Bank Limited  | 5.4  | 8,750                    | 42,250                       |
|  |      | <u>66,640</u>            | <u>42,887</u>                |



**5.1 Askari Bank Limited**

|                          | <b>June 30,<br/>2017</b>    | <b>December 31,<br/>2016</b> |
|--------------------------|-----------------------------|------------------------------|
|                          | <b>(Un-audited)</b>         | <b>(Audited)</b>             |
|                          | ------(Rupees in '000)----- |                              |
| Forced liability         | 138,000                     | -                            |
| Repayments / adjustments | (54,639)                    | -                            |
|                          | 83,361                      | -                            |
| Current maturity         | (25,471)                    | -                            |
|                          | <u>57,890</u>               | <u>-</u>                     |

This represents forced liability created by the bank due to encashment of performance guarantee issued in favour of Universal Service Fund (USF). Tenor is 3 years. It carries mark up rate of 6 months KIBOR plus 2% per annum. Rs. 45 million was to be paid before April 2017 which was subsequently paid in June 2017. Remaining amount is payable in 36 monthly installments commencing May 1, 2017. The markup charged during the period on the outstanding balance ranged from 8.11% to 8.12% per annum. It is secured through first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Component with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Component in favour of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

**5.2 National Bank of Oman**

|   | <b>June 30,<br/>2017</b>    | <b>December 31,<br/>2016</b> |
|---|-----------------------------|------------------------------|
|   | <b>(Un-audited)</b>         | <b>(Audited)</b>             |
|   | ------(Rupees in '000)----- |                              |
| Receipt   | 3,555,300                   | 3,555,300                    |
| Initial transaction cost  | (39,616)                    | (39,616)                     |
|   | 3,515,684                   | 3,515,684                    |
| Amortization of transaction cost                                    | 39,616                      | 39,616                       |
|   | 3,555,300                   | 3,555,300                    |
| Exchange loss   | 112,700                     | 112,700                      |
|   | 3,668,000                   | 3,668,000                    |
| Less: Principal novated to Omantel as part of SPA / Current portion | (3,668,000)                 | (3,668,000)                  |
|   | <u>-</u>                    | <u>-</u>                     |

This represented foreign currency syndicated loan facility ("facility") amounting to USD 35 million from National Bank of Oman (NBO) and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. The loan was disbursed on June 30, 2015. It was repayable in 16 quarterly installments commencing from September 30, 2017. Markup was payable quarterly and is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum. No mark up is charged during the period on outstanding balance (2016: 3.86% to 4.09%) per annum. To secure the facility, corporate guarantee of the Parent company (Omantel) was furnished along with a provision for cash cover / direct debit of the Parent Component's bank account in the event of the Company's failure to fund obligations under the facility agreement. As discussed in Note 1 and Note 2.5.2 this loan has now been assumed and taken up by Omantel.

**5.3 Soneri Bank Limited**

|  | <b>June 30,<br/>2017</b>    | <b>December 31,<br/>2016</b> |
|--|-----------------------------|------------------------------|
|  | <b>(Un-audited)</b>         | <b>(Audited)</b>             |
|  | ------(Rupees in '000)----- |                              |
| Transferred from short term borrowings | 66,756                      | 66,756                       |
| Repaid                                 | (56,789)                    | (51,319)                     |
|  | 9,967                       | 15,437                       |
| Less: Current and overdue portion      | (9,967)                     | (14,800)                     |
|  | <u>-</u>                    | <u>637</u>                   |

This facility was initially repayable in 23 monthly installments ending on February 28, 2016. However, in August 2016, the facility was rescheduled by Soneri Bank Limited and now the principal is repayable in 18 monthly installments ending on January 30, 2018. The facility carries mark up at one month KIBOR plus 3% per annum and is payable monthly. The mark up rate charged during the period on the outstanding balance is 9.25% to 9.28% (2016: 9.22% to 9.52%) per annum. It is secured through joint pari passu hypothecation agreement over current and movable fixed assets.

**5.4 Allied Bank Limited**

|                                 | <b>June 30,<br/>2017</b>    | <b>December 31,<br/>2016</b> |
|---------------------------------|-----------------------------|------------------------------|
|                                 | <b>(Un-audited)</b>         | <b>(Audited)</b>             |
|                                 | ------(Rupees in '000)----- |                              |
| Opening balance                 | 87,750                      | 125,000                      |
| Repaid during the period / year | (18,500)                    | (37,250)                     |
|                                 | 69,250                      | 87,750                       |
| Less: Current portion           | (60,500)                    | (45,500)                     |
|                                 | <u>8,750</u>                | <u>42,250</u>                |



This represents a term loan facility of Rs. 125 million obtained through restructuring of running finance facility. This facility was rescheduled in January 2015 and is now repayable in 43 monthly installments ending on July 31, 2018. It carries mark up at one month KIBOR plus 3% per annum till March 31, 2015, payable on monthly basis. The mark up rate with effect from April 01, 2015, is 3 months KIBOR plus 0.5% per annum to be reset and recoverable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 6.61% to 6.62% (2016: 6.54% to 6.99%) per annum. It is secured through joint pari passu charge on present and future current and fixed assets excluding land and building of the Company with 25% margin.

Note 6

#### Current Portion of Non-Current Liabilities

|   |      | June 30,<br>2017 | December 31,<br>2016 |
|---|------|------------------|----------------------|
|   | Note | (Un-audited)     | (Audited)            |
| ------(Rupees in '000)-----                         |      |                  |                      |
| Term finance certificates                           | 6.1  | 1,517,110        | 1,517,110            |
| Long term financing                                 | 5    | 95,938           | 3,728,300            |
| Liabilities against assets subject to finance lease |      | -                | 1,609                |
|   |      | <u>1,613,048</u> | <u>5,247,019</u>     |

- 6.1** Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six month average KIBOR plus 1.60% per annum, payable semi-annually. The mark up rate charged during the period on the outstanding balance ranged from 7.70% to 7.77% (2016: 7.66% to 8.19%) per annum.

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

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

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

As per terms of second rescheduling, payments in respect of principal and markup aggregating to Rs. 682.955 million were required to be made up to period ended June 30, 2017. However, payments of only Rs. 146.617 million were made during financial year 2015 and no further payments are made upto June 30, 2017. Hence, this constitutes a default as per the terms of second rescheduling. Consequently, the total amount has become immediately payable. WTL management is engaged with TFCs holders and further restructuring is expected in near future.

Note 7

#### Contingencies and Commitments

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended December 31, 2016 except for the following:

##### 7.1 Disputes with PTA

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

|   | June 30,<br>2017 | December 31,<br>2016 |
|---|------------------|----------------------|
|   | (Un-audited)     | (Audited)            |
| ------(Rupees in '000)-----                   |                  |                      |
| <b>Guarantees</b>                             |                  |                      |
| Outstanding guarantees                        | <u>352,788</u>   | <u>499,490</u>       |
| <b>Commitments</b>                            |                  |                      |
| Commitments in respect of capital expenditure | <u>289,967</u>   | <u>286,812</u>       |



Note 8

**Property, Plant and Equipment**

|  |      | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|------|--------------------------|------------------------------|
|  | Note | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)-----              |      |                          |                              |
| Operating fixed assets                   | 8.1  | 7,055,531                | 7,957,927                    |
| Capital work-in-progress                 |      | 144,956                  | 118,372                      |
| Major spare parts and stand-by equipment |      | 5,761                    | 3,194                        |
|  |      | <u>7,206,248</u>         | <u>8,079,493</u>             |

**8.1 Operating fixed assets**

|  |       |                  |                  |
|--|-------|------------------|------------------|
| Opening book value   |       | 7,957,927        | 7,981,158        |
| Additions during the period / year                           | 8.1.1 | 10,392           | 23,252           |
| Transfer from non-current assets classified as held for sale | 11.1  | -                | 892,883          |
|  |       | <u>7,968,319</u> | <u>8,897,293</u> |
| Disposals / settlement (at book value) for the period / year | 8.1.2 | (569,950)        | -                |
| Depreciation charged during the period / year                |       | <u>(342,838)</u> | <u>(939,366)</u> |
| Closing book value   |       | <u>7,055,531</u> | <u>7,957,927</u> |

**8.1.1 Detail of additions**

|                        |  |               |               |
|------------------------|--|---------------|---------------|
| Leasehold improvements |  | 1,126         | 545           |
| Plant and equipment    |  | 8,503         | 21,398        |
| Office equipment       |  | 313           | -             |
| Furniture and fixtures |  | 380           | 104           |
| Computers              |  | 70            | 1,205         |
|                        |  | <u>10,392</u> | <u>23,252</u> |

**8.1.2 Book values of assets disposed off / settled**

|                     |         |                |          |
|---------------------|---------|----------------|----------|
| Plant and equipment | 8.1.2.1 | 568,140        | -        |
| Computers           |         | 410            | -        |
| Vehicles            |         | 1,400          | -        |
|                     |         | <u>569,950</u> | <u>-</u> |

**8.1.2.1** Worldcall WLL business has been continuously facing challenges due to economic conditions and availability of better contemporary technologies. In order to reduce fixed network operational cost certain towers were sold / settled with Towershare (Private) Limited (towershare) and certain land lords against advances received and accrued rent outstanding respectively. This initiative has resulted in ease of liabilities and shall also save certain fixed network operational cost. Detail of carrying values adjusted under this disposal / settlement is as follows:

|   | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|---|--------------------------|------------------------------|
|   | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)-----   |                          |                              |
| Adjusted accrued rent liability disclosed in trade and other payables           | 623,951                  | -                            |
| Adjusted advance received from towershare disclosed in trade and other payables | 46,353                   | -                            |
| Book value of tower sites disposed  | (568,140)                | -                            |
| Resultant gain on disposal arrangement  | <u>102,164</u>           | <u>-</u>                     |

Note 9

**Intangible Assets**

|  | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|--|--------------------------|------------------------------|
|  | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)-----            |                          |                              |
| Licenses                               | 2,442,372                | 2,609,425                    |
| Patents and copyrights                 | 2,374                    | 3,799                        |
| Indefeasible right of use - media cost | 449,362                  | 475,496                      |
|  | <u>2,894,108</u>         | <u>3,088,720</u>             |

Note 10

**Investment Properties**

|                             |      | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|-----------------------------|------|--------------------------|------------------------------|
|                             | Note | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)----- |      |                          |                              |
| Opening balance             |      | 38,520                   | 38,520                       |
| Fair value adjustment       | 10.1 | 17,800                   | -                            |
| Closing balance             |      | <u>56,320</u>            | <u>38,520</u>                |

**10.1** As of the reporting date, investment properties comprise land. Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2017 by an approved independent valuer, M/s Gandhara Consultants which resulted in fair value gain of Rs. 17.8 million.

Note 11

**Non-Current Assets Classified as Held for Sale**

|                                       |      | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|---------------------------------------|------|--------------------------|------------------------------|
|                                       | Note | <b>(Un-audited)</b>      | <b>(Audited)</b>             |
| ------(Rupees in '000)-----           |      |                          |                              |
| Opening balance                       |      | -                        | 892,883                      |
| Transferred to operating fixed assets | 8.1  | -                        | (892,883)                    |
| Closing balance                       |      | <u>-</u>                 | <u>-</u>                     |

**11.1** This represented Passive infrastructure (towers, civil works and gensets etc.) relating to WLL operations of the Company. An active plan to sell these assets was commenced in 2014 and a sale agreement was signed with Towershare (Private) Limited ("Towershare") on October 01, 2014. Accordingly, these assets were classified as held for sale under IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations". However, Towershare did not take transfer of all sites as per the aforementioned sale agreement. In view of the non-conclusion of the sale agreement with Towershare, these were re-classified to property, plant and equipment (Note 8.1).

Note 12

**Liabilities Written Back**

|   | Note | <b>Half Year Ended June 30,</b> |                | <b>Quarter Ended June 30,</b> |                |
|---|------|---------------------------------|----------------|-------------------------------|----------------|
|   |      | <b>2017</b>                     | <b>2016</b>    | <b>2017</b>                   | <b>2016</b>    |
| ------(Un-audited)-----                       |      |                                 |                |                               |                |
|   |      | Rupees in '000                  | Rupees in '000 | Rupees in '000                | Rupees in '000 |
| Liabilities towards Omantel                   |      | 3,085,841                       | -              | 3,085,841                     | -              |
| Write back of receipts from Omantel under SPA |      | 1,204,526                       | -              | 1,204,526                     | -              |
| Write back of loan from National Bank of Oman | 5.2  | 3,668,000                       | -              | 3,668,000                     | -              |
| Write back of insurance premium payable       |      | -                               | 62,826         | -                             | -              |
| Others  |      | 6,414                           | 36,680         | 6,414                         | -              |
|   |      | <u>7,964,781</u>                | <u>99,506</u>  | <u>7,964,781</u>              | <u>-</u>       |

Note 13

**Cash Generated From Operations**
**Half Year Ended June 30,  
2017    2016**
**(Un-audited)**

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

**Cash flows from operating activities**

Profit / (Loss) before taxation    7,193,288    (1,095,921)

**Adjustment for non-cash charges and other items:**

|   |             |          |
|---|-------------|----------|
| - Depreciation on property, plant and equipment               | 342,838     | 470,784  |
| - Amortization on intangible assets                           | 196,355     | 130,156  |
| - Amortization of long term trade receivables                 | (8,478)     | (7,245)  |
| - Provision for doubtful debts                                | -           | 3,187    |
| - Provision for stores and spares                             | 9,707       | 10,842   |
| - Liabilities no longer payable written back                  | (7,964,781) | (99,506) |
| - Exchange loss/(gain) on foreign currency loan               | -           | (3,500)  |
| - Gain on re-measurement of investment property at fair value | (17,800)    | -        |
| - Gain on sale of property, plant and equipment               | (102,197)   | (2,134)  |
| - Retirement benefits   | 27,949      | 45,642   |
| - Finance cost  | 244,366     | 260,915  |

**(7,272,041)    809,141**
**(78,753)    (286,780)**
**Operating loss before working capital changes**
**Effect on cash flow due to working capital changes:**
**(Increase) / decrease in current assets**

|                            |           |          |
|----------------------------|-----------|----------|
| - Stores and spares        | (3,048)   | 11,648   |
| - Stock-in-trade           | 19        | (69)     |
| - Trade debts              | (172,745) | (76,056) |
| - Loans and advances       | (70,551)  | (78,653) |
| - Deposits and prepayments | 3,274     | 379      |
| - Other receivables        | 60,203    | 94,074   |

**Increase in current liabilities**

|                            |         |         |
|----------------------------|---------|---------|
| - Trade and other payables | 675,014 | 411,405 |
|----------------------------|---------|---------|

**492,166    362,728**
**Cash generated from operations**
**413,413    75,948**



Note 14

**Related Party Transactions**

Related parties comprise the parent company, subsidiary, 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. Significant transactions with related parties are as follows:

|                                      |                                      | Half year ended June 30, |              |
|--------------------------------------|--------------------------------------|--------------------------|--------------|
|                                      |                                      | 2017                     | 2016         |
|                                      |                                      | (Un-audited)             | (Un-audited) |
| ------(Rupees in '000)-----          |                                      |                          |              |
| <b>Relationship with the Company</b> | <b>Nature of transactions</b>        |                          |              |
| Parent company                       | Dividend on preference shares        | 120,776                  | 107,304      |
|                                      | Management fee on preference shares  | 86,844                   | 90,769       |
|                                      | Rendering of LDI services to Omantel | -                        | 13,192       |
|                                      | Receipts under SPA                   | 624,867                  | -            |
|                                      | Write back of liabilities (Note 12)  | 4,290,367                | -            |
| Associated Company                   | Markup on short term borrowings      | 15,653                   | -            |
| Key management personnel             | Salaries and other employee benefits | 103,408                  | 148,377      |
|                                      | Sale of vehicle                      | -                        | 648          |
|                                      |                                      | June 30,                 | December 31, |
|                                      |                                      | 2017                     | 2016         |
|                                      |                                      | (Un-audited)             | (Audited)    |
| ------(Rupees in '000)-----          |                                      |                          |              |

**Period/year end balances**

|                          |  |         |           |
|--------------------------|--|---------|-----------|
| Omantel                  | Trade creditors  | -       | 2,998,997 |
|                          | Receipts under SPA   | -       | 579,659   |
| WSL                      | Advance to suppliers   | -       | 2,109     |
|                          | Short term borrowings  | 420,000 | 419,200   |
|                          | Trade creditors  | 7,375   | 23,121    |
|                          | Accrued markup   | 19,790  | 4,137     |
| Key management personnel | Payable against expenses, salaries and other employee benefits | 46,878  | 115,049   |
|                          | Long term loans and advances                                   | 8,685   | 18,816    |

Note 15

**Financial Risk Management****15.1 Financial risk factors**

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

The condensed interim financial information (un-audited) does 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, 2016.

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

**15.2 Liquidity risk**

Compared to the year ended December 31, 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.





### 15.3 Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at June 30, 2017:

|                                | <u>Level 1</u>        | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-----------------------|----------------|----------------|--------------|
|                                | <b>Rupees in '000</b> |                |                |              |
| <b>Assets</b>                  |                       |                |                |              |
| Available-for-sale investments | 97,216                | -              | -              | 97,216       |

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2016:

|                                | <u>Level 1</u>        | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------|-----------------------|----------------|----------------|--------------|
|                                | <b>Rupees in '000</b> |                |                |              |
| <b>Assets</b>                  |                       |                |                |              |
| Available-for-sale investments | 150,799               | -              | -              | 150,799      |

During the half year ended June 30, 2017, 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 16

#### Subsequent Events

**16.1** Subsequent to the reporting date, 38,500 Class B preference shares and related dividend payable on these shares have been converted into 261,283,331 ordinary shares of Rupees 10 each.

**16.2** Subsequent to the reporting date, 488,839,429 ordinary shares from Parent Company have been transferred to WSL.

Note 17

#### Date of Authorization for Issue

This condensed interim financial information (un-audited) was authorized for issue on 27, December, 2017 by the Board of Directors of the Company.

Note 18

#### 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. No material re-arrangements / reclassifications have been made in these financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director





