

Quarterly Report

March 31, 2017

WorldCall Telecom Limited





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

31 MARCH 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.



Contents

Page Four

Company Information

Page Six

Directors' Review

Page Seven

ڈائریکٹرز کا تجزیہ

Page Eight

Condensed interim Balance Sheet

Page Ten

Condensed interim Profit & Loss Account

Page Eleven

Condensed Interim Statement of Comprehensive Income

Page Twelve

Condensed Interim Cash Flow Statement

Page Thirteen

Condensed Interim Statement of Changes in Equity

Page Fourteen

Notes to the Condensed Interim Financial Information



COMPANY INFORMATION

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



Bankers

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

WorldCall Head Office
Plot # 1566/124,
Main Walton Road,
Lahore Cantt.
Tel: (042) 3667 1192-96
Fax: (042) 3667 1197

Webpage

www.worldcall.com.pk



DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("Wordcall" or the "Company") are pleased to present the brief overview of the un-audited condensed financial information for the quarter ended 31 March 2017.

Financial Overview

The financial highlights of first quarter are summarized as below:

	Quarter Ended	
	31-Mar-17	31-Mar-16
	Rs in Million	
Revenues – net	527	507
EBITDA	78	16
Loss after tax	(270)	(371)
Basic and diluted loss per share (Rupees)	(0.38)	(0.49)

The results reflect the positive impact of different measures taken by the management for increasing revenues, cutting costs and thereby improving EBITDA.

The revenue has increased from Rs 507 million to Rs 527 million showing an improvement of 4% against the comparative period. EBITDA for the quarter ended March 31, 2017 is Rs 78 million as compared to Rs 16 million in the corresponding period thereby showing a positive movement. After taking effects of finance cost, depreciation/amortization and tax, the Company has closed the period at a net loss of Rs 270 million as compared to loss of Rs 371 million in the corresponding period.

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 brandband 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. Financial indicators are therefore set to improve further. Closing entries of acquisition transaction would be incorporated in next quarter which would improve balance sheet and income statement.

Company's Staff, Customers and Shareholders

We whole-heartedly put on record our appreciation to all our staff members for their efforts and hard work especially in recent times of stress and pressure.

We stand committed to our valued customers for service delivery and thank them for their continued trust on our services.

Our sincerest thanks to all shareholders who continue to have faith in Company future as we move forward in a positive direction.

For and on behalf of the Board of Directors

Babar Ali Syed

Chief Executive Officer

Lahore

22 June 2017



ڈائریکٹرز کا تجزیہ

ورلڈ کال ٹیلی کام لمیٹڈ ("ورلڈ کال" یا "کمپنی") کے ڈائریکٹرز 31 مارچ 2017ء کو اختتام پذیر غیر آڈٹڈ سہ ماہی میں معلومات کا مختصر جائزہ پیش کرنے پر خوش ہیں۔

مالیاتی جائزہ

پہلی سہ ماہی کی مالیاتی نمائش ذیل میں درج کی گئی ہے۔

	Quarter Ended	
	31-Mar-17	31-Mar-16
	Rs in Million	
Revenues – net	527	507
EBITDA	78	16
Loss after tax	(270)	(371)
Basic and diluted loss per share (Rupees)	(0.38)	(0.49)

موجودہ نتائج، جس طرح کے آمدنی میں اضافہ اخراجات میں کمی اور اسی طرح EBITDA کو بہتر بنانے کیلئے سٹیٹمنٹ کی طرف سے اٹھائے گئے مختلف اقدامات کے مثبت اثرات کو ظاہر کرتے ہیں۔

آمدنی 507 ملین روپے سے بڑھ کر 527 ملین روپے ہو گئی ہے جو کہ موازنہ مدت سے 4 فیصد زیادہ ہے۔ 31 مارچ 2017ء کو اختتام پذیر سہ ماہی کے لئے EBITDA اسی مدت میں 16 ملین روپے کے مقابلے میں 78 ملین روپے ہے۔ جو کہ ایک مثبت پہلو ہے۔ مالیاتی اخراجات، ڈیپریسییشن/امورٹیزیشن اور ٹیکس کے اثرات لینے کے بعد، کمپنی نے اسی مدت میں 371 ملین روپے کے خالص نقصان کے مقابلے میں موجودہ سہ ماہی کو 270 ملین روپے کے خالص نقصان پر بند کیا ہے۔

مستقبل کا نقطہ نظر

کمپنی، منتقلی کے حصہ کے طور پر، پچھلے پانچ ماہ کے اخراج اور آپریشنل ڈھانچے کی بڑی تازگی کے ساتھ ایک اہم تبدیلی سے گزر چکی ہے۔ گزشتہ دو سال سے پس پشت غیر معمولی نتائج کو از کیشن کے حصہ کے طور پر دستیاب فنڈ سے حل کیا گیا ہے۔ سٹیٹمنٹ کو رپورٹ کرنے پر خوشی ہے کہ نتائج مستقبل میں مثبت رجحانات کے ساتھ ساتھ مطلق شرائط میں بہتری کی طرف گامزن ہیں۔

نئی سٹیٹمنٹ کی، منافع بخش آمدنی کے سلسلے میں اضافہ اور قیمت کی توازن کو واضح طور پر بائیں لائن کی بہتری کے لئے واضح سمت کے ساتھ توجہ مرکوز ہے۔ آمدنی میں اضافے اور مارکیٹ کی بہتری کے علاوہ سٹیٹمنٹ نے دفعتی 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 مالیاتی سے اہل 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۔ اسی وجہ سے مالی اشارے مزید بہتر ہوں گے۔ حصول ٹرانزیکشن کے اختتامی اندراجات اگلے سہ ماہی میں شامل کئے جاسکتے ہیں۔ جس سے بیلنس شیٹ اور انکم اسٹیٹمنٹ بہتر ہوگی۔

کمپنی کے ملازمین، صارفین اور شیئر ہولڈرز

ہم دل کی اتہاگہرائیوں 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 پرعزم ہیں اور ہماری سروسز پر ان کے مسلسل اعتماد کے لئے شکرگزار ہیں۔

ہم اپنے تمام شیئر ہولڈرز کے شکرگزار ہیں جو کہ ہماری مثبت پیش رفت کی وجہ سے کمپنی کے مستقبل پر اعتماد رکھنے والے ہیں۔

بلجمل بورڈ آف ڈائریکٹرز

Balraj Singh

بارجلی سینگھ

چیف ایگزیکٹو آفیسر

لاہور

22 جون 2017



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2017

	31 March 2017 Un-Audited	31 December 2016 Audited
Note	----- (Rupees in '000) -----	
<u>EQUITY AND LIABILITIES</u>		
Share capital and reserves:		
Authorized share capital		
1,500,000,000 (31 December 2016: 1,500,000,000) ordinary shares of Rs 10 each	<u>15,000,000</u>	<u>15,000,000</u>
500,000 (31 December 2016: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs 6,000,000,000)	<u>6,000,000</u>	<u>6,000,000</u>
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	59,451	85,910
- Exchange translation reserve	132,050	130,300
Revenue reserve: Accumulated loss	<u>(19,057,568)</u>	<u>(18,755,400)</u>
	(5,885,316)	(5,558,439)
Surplus on revaluation of fixed assets	<u>674,699</u>	<u>697,849</u>
	<u>(5,210,617)</u>	<u>(4,860,590)</u>
NON-CURRENT LIABILITIES		
Term finance certificates - secured	5 -	-
Long term loans - secured	6 26,250	42,887
Retirement benefits	168,801	274,930
Long term payables	796,996	743,255
Long term deposits	<u>35,136</u>	<u>35,136</u>
	<u>1,027,183</u>	<u>1,096,208</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	<u>5,251,516</u>	<u>5,247,019</u>
Short term borrowings - secured	1,102,326	960,677
License fee payable	1,021,500	1,021,500
Trade and other payables	11,905,744	11,914,311
Interest and mark up accrued	<u>424,198</u>	<u>384,092</u>
	<u>19,705,284</u>	<u>19,527,599</u>
Contingencies and commitments	7	
TOTAL EQUITY AND LIABILITIES	<u><u>15,521,850</u></u>	<u><u>15,763,217</u></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balaram
Chief Executive Officer

R. S. Reddy
Director

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 31 MARCH 2017**

		31 March 2017 Un-Audited	31 December 2016 Audited
Note		------(Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	7,920,406	8,079,493
Intangible assets	9	2,990,581	3,088,720
Investment properties		38,520	38,520
Long term trade receivables		74,286	77,061
Deferred taxation		2,531,937	2,531,937
Long term loans - considered good		3,149	3,211
Long term deposits		31,946	32,641
		13,590,825	13,851,583
CURRENT ASSETS			
Stores and spares		92,616	88,179
Stock-in-trade		67,303	67,290
Trade debts		875,064	761,262
Loans and advances		146,092	141,389
Deposits and prepayments		416,113	431,819
Short term investments		124,340	150,799
Other receivables		100,966	119,486
Income tax recoverable - net		44,143	31,440
Cash and bank balances		64,388	119,970
		1,931,025	1,911,634
Non-current assets classified as held for sale	10	-	-
		1,931,025	1,911,634
TOTAL ASSETS		15,521,850	15,763,217

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017**

	Quarter ended 31 March 2017 Un-Audited	Quarter ended 31 March 2016 Un-Audited
	Note	----- (Rupees in '000) -----
Revenue - net	526,734	506,725
Cost of sales (excluding depreciation and amortization)	(364,203)	(324,637)
General and administration expenses	(204,011)	(271,368)
Advertisement and marketing expenses	(463)	-
Provision	(2,691)	(1,563)
Other income - net	122,729	106,910
Earning before interest, taxation, depreciation and amortization	78,095	16,067
Less: Depreciation and amortization	(284,965)	(250,890)
Finance cost	(52,390)	(123,559)
Loss before taxation	(259,260)	(358,382)
Taxation	(10,566)	(12,627)
Loss after taxation	(269,826)	(371,009)
Basic and diluted loss per share	(Rupees) (0.38)	(0.49)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balaram
Chief Executive Officer

R. S. Reddy
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017**

	Quarter ended 31 March 2017 Un-Audited	Quarter ended 31 March 2016 Un-Audited
	------(Rupees in '000)-----	
Loss for the period	(269,826)	(371,009)
Other comprehensive income/(loss):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
- Change in fair value of available-for-sale financial assets	(26,459)	(11,785)
Other comprehensive loss - net of tax	<u>(26,459)</u>	<u>(11,785)</u>
Total comprehensive loss for the period - net of tax	<u><u>(296,285)</u></u>	<u><u>(382,794)</u></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017**

		Quarter ended 31 March 2017 Un-Audited	Quarter ended 31 March 2016 Un-Audited
	Note	------(Rupees in '000)-----	
Cash flows from operating activities			
Cash (used in)/generated from operations	11	(4,273)	103,355
<i>(Increase)/decrease in non-current assets:</i>			
- Long term deposits		695	-
- Long term loans		62	(1,990)
- Long term trade receivable		2,775	3,852
<i>(Decrease)/increase in non-current liabilities:</i>			
- Long term deposits		-	(50)
Retirement benefits paid		(120,115)	(4,336)
Finance cost paid		(13,223)	(41,049)
Taxes paid		(23,269)	(8,069)
Net cash (outflow)/inflow from operating activities		(157,348)	51,713
Cash flows from investing activities			
Fixed capital expenditure		(27,743)	(36,791)
Proceeds from disposal of property, plant and equipment		-	3,499
Net cash outflow from investing activities		(27,743)	(33,292)
Cash flows from financing activities			
Repayment of long term loan		(11,765)	(5,501)
Running finance/short term borrowings - net		141,649	1,179
Repayment of liabilities against assets subject to finance lease		(375)	(328)
Net cash inflow/(outflow) from financing activities		129,509	(4,650)
Net (decrease)/increase in cash and cash equivalents		(55,582)	13,771
Cash and cash equivalents at the beginning of the period		119,970	29,900
Cash and cash equivalents at the end of the period		64,388	43,671

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2017**

	Share Capital			Capital Reserves			Revenue Reserve		Total
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve (Rupees in '000)	Exchange translation reserve	Accumulated loss			
Balance as at 31 December 2015 (Audited)	8,605,716	3,537,700	837,335	22,971	130,300	(17,307,020)		(4,172,998)	
Loss for the period	-	-	-	-	-	(371,009)		(371,009)	
Other comprehensive loss for the period - net of tax	-	-	-	(11,785)	-	(11,785)		(11,785)	
Total comprehensive loss for the period - net of tax	-	-	-	(11,785)	-	(371,009)		(382,794)	
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	-		-	
Exchange translation reserve	-	-	-	-	-	-		-	
Dividend on preference shares	-	-	-	-	-	(53,955)		(53,955)	
Total transactions with owners, recognized directly in equity	-	-	-	-	-	(53,955)		(53,955)	
Balance as at 31 March 2016 (Un-Audited)	8,605,716	3,537,700	837,335	11,186	130,300	(17,731,984)		(4,609,747)	
Loss for the period	-	-	-	-	-	(893,727)		(893,727)	
Other comprehensive (loss)/income for the period - net of tax	-	-	-	74,724	-	10,212		84,936	
Total comprehensive loss for the period - net of tax	-	-	-	74,724	-	(883,515)		(808,791)	
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	23,150		23,150	
Exchange translation reserve	-	-	-	-	-	-		-	
Dividend on preference shares	-	-	-	-	-	(163,051)		(163,051)	
Total transactions with owners, recognized directly in equity	-	-	-	-	-	(163,051)		(163,051)	
Balance as at 31 December 2016 (Audited)	8,605,716	3,537,700	837,335	85,910	130,300	(18,755,400)		(5,558,439)	
Profit for the period	-	-	-	-	-	(269,826)		(269,826)	
Other comprehensive income for the period - net of tax	-	-	-	(26,459)	-	-		(26,459)	
Total comprehensive (loss)/income for the period - net of tax	-	-	-	(26,459)	-	(269,826)		(296,285)	
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	23,150		23,150	
Exchange translation reserve	-	-	-	-	1,750	(1,750)		-	
Dividend on preference shares	-	-	-	-	-	(53,742)		(53,742)	
Total transactions with owners, recognized directly in equity	-	-	-	-	1,750	(55,492)		(53,742)	
Balance as at 31 March 2017 (Un-Audited)	8,605,716	3,537,700	837,335	59,451	132,050	(19,057,568)		(5,885,316)	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balarambhat
Chief Executive Officer

Blues
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2017

1. Legal status and nature of business

Worldcall Telecom Limited (the "Company") is a public limited company incorporated in Pakistan on March 15, 2001, under the Companies Ordinance, 1984 (the "Ordinance"). Its shares are quoted on Pakistan Stock Exchange Limited. The Company commenced its operations on December 1, 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 as well as 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 registered office of the Company is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Oman Telecommunications Company SAOG (the "Parent company") owns 488,839,429 ordinary shares i.e. 56.80% (2016: 488,839,429 ordinary shares - 56.80%) and 350,000 preference shares - 100% (2016 : 200,000 preference shares - 57.14%) of the Company.

As stated in Note 2.5, a share purchase agreement (SPA) was signed between the Parent company and the acquirers, through which 488,839,429 ordinary shares (56.80% ordinary shares) and 297,500 preference shares (85% preference shares) of the Company shall be acquired by the acquirers from the Parent company. The execution of the said SPA is in process.

2. Basis of preparation

2.1 This condensed interim financial information of the Company for the quarter ended March 31, 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 interim financial information for the quarter ended March 31, 2016.

2.3 The preparation of these condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2016.

2.4 This condensed interim 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 loss after taxation of Rs. 0.2698 billion during the three months ended March 31, 2017. As of that date, the accumulated loss stands at Rs. 19.0576 billion and current liabilities exceed current assets by Rs. 17.7743 billion and the Company has a negative equity of Rs. 5.2106 billion as of that date. These conditions, along with the factors discussed in the foregoing paragraphs 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. 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 financial information is appropriate based on the following grounds:

2.5.1 Last year a Share Purchase Agreement ("SPA") dated October 11, 2016 was entered between the Parent company, Worldcall Services (Private) Limited ("WSL") and Ferret Consulting – F.Z.C (a company based in the United Arab Emirates), as stated in the extracts of minutes of the Company's Board of Directors' meeting held on October 16, 2016. The Company's Chief Executive, Chief Financial Officer and Officiating Company Secretary are majority shareholders of WSL and Ferret Consulting – F.Z.C. (hereinafter collectively also referred to as the "Acquirers").

As per the terms of the SPA, the Parent company will provide a funding of USD 11.5 million (approximately Rs. 1,202.9 million) to the Company in tranches which will be waived off later on the successful execution of the SPA. Moreover, liability of the Company towards the Parent company amounting to Rs. 2,998.997 million will be written off by the Parent company and NBO's loan of USD 35 million (Rs. 3,668 million) along with its accrued markup will be novated to the Parent company on successful execution of the SPA. As part of the SPA, WSL will also provide USD 4 million (approximately Rs. 418.40 million) to the Company in tranches as a loan that will not be repaid before the completion of SPA.

2.5.2 'Based on the above factors, the Company's BOD in consultation with the Acquirers, has approved a business plan that includes 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 (major portion has already been executed by November 2016); and using the proceeds therefrom for other profitable operations and settling liabilities.

Subsequent to agreement (SPA) date, the Company has received USD 15.3 million (USD 11.3 million from the Parent company and USD 4 million from WSL uptill May 2017). The funds received from the Parent company and WSL under the terms of the SPA have been utilized in settling overdue and outstanding operational, financial and statutory liabilities. Apart from the SPA, WSL will further arrange to provide USD 5 million (approximately Rs 523 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.

2.5.3 '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. 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.

3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended 31 December 2016.



4. Significant accounting judgments and estimates

The preparation of condensed interim 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 and 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 unconsolidated financial information, the significant judgments made by 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 31 December 2016.

	31 March 2017 Un-Audited	31 December 2016 Audited
	------(Rupees in '000)-----	

5. Term finance certificates - secured

Term finance certificates	1,643,736	1,643,736
Redeemed	(126,625)	(126,625)
	1,517,111	1,517,111
Current maturity	(1,517,111)	(1,517,111)
	-	-

Term Finance Certificates (TFCs)

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 year on the outstanding balance ranges from 7.75% to 8.00% (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:

- LDI and WLL license issued by PTA to the Company; and
- 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. As per terms of second rescheduling, payments in respect of principal and markup aggregating to Rs. 367.350 million were required to be made till March 31, 2017, which were not paid, hence constituting a default as per the terms. Consequently, the total amount has become immediately payable.

Moreover, in April 2016, the Trustee's legal counsel issued a legal notice to the Company demanding immediate payment of all principal amount and interest accrued thereon and liquidated damages within thirty days of the notice, failing which the Trustee would initiate legal proceedings against the Company. The Trustee also withdrew its Non Objection Certificate (NOC) given to the Company in respect of sale of Wireless Local Loop (WLL) passive infrastructure. No payments have been further made by the Company in respect of principal amount or interest accrued thereon.



		31 March 2017 Un-Audited	31 December 2016 Audited
	Note	------(Rupees in '000)-----	
6 Long term loans - secured			
National Bank of Oman (NBO)	6.1	-	-
Soneri Bank Limited	6.2	-	637
Allied Bank Limited	6.3	26,250	42,250
		<u>26,250</u>	<u>42,887</u>

6.1 National Bank of Oman

Receipt	3,555,300	3,555,300
Exchange loss	112,700	112,700
	<u>3,668,000</u>	<u>3,668,000</u>
Current maturity	<u>(3,668,000)</u>	<u>(3,668,000)</u>
	<u>-</u>	<u>-</u>

This represents 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 is repayable in 16 quarterly installments commencing from September 30, 2017. Mark up is payable quarterly and is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum. The mark up rate charged during the year on outstanding balance ranged from 3.86% to 3.88% (2016: 3.86% to 4.09%) per annum. To secure the facility, corporate guarantee of the Parent company has been furnished along with a provision for cash cover / direct debit of the Parent company's bank account in the event of the Company's failure to fund obligations under the facility agreement.

The Company failed to pay interest against this facility, which led to the consortium adjusting the Debt Service Reserve Account Balance ("security") held with them for interest payable. These factors constitute events of default under the facility and empower the consortium to demand the outstanding amount at their will. Therefore, the total amount has become immediately payable. However, subsequent to the reporting date, the Parent company has been servicing the markup timely on behalf of the Company. As stated in note 2.5, this liability shall be taken up by the Parent company subject to successful execution of SPA.

	31 March 2017 Un-Audited	31 December 2016 Audited
	------(Rupees in '000)-----	
6.2 Soneri Bank Limited		
Receipt	66,756	66,756
Repaid	(54,584)	(51,319)
	<u>12,172</u>	<u>15,437</u>
Current maturity	<u>(12,172)</u>	<u>(14,800)</u>
	<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 quarter on the outstanding balance ranged from 9.24% to 9.50% (2016: 9.22% to 9.52%) per annum. It is secured through joint pari passu hypothecation agreement over current and movable fixed assets.

	31 March 2017 Un-Audited	31 December 2016 Audited
	----- (Rupees in '000) -----	

6.3 Allied Bank Limited

Transferred from running finance	125,000	125,000
Repaid	(45,750)	(37,250)
	<u>79,250</u>	<u>87,750</u>
Current maturity	(53,000)	(45,500)
	<u>26,250</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 year on the outstanding balance ranged from 6.62% to 6.82% (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.

7 Contingencies and commitments

Contingencies

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

	31 March 2017 Un-Audited	31 December 2016 Audited
	----- (Rupees in '000) -----	

Outstanding guarantees	<u>352,788</u>	<u>490,790</u>
Commitments		
Commitments in respect of capital expenditure	<u>291,727</u>	<u>286,812</u>
Outstanding letters of credit	<u>3,780</u>	<u>8,700</u>



		31 March 2017 Un-Audited	31 December 2016 Audited	
Note		----- (Rupees in '000) -----		
8	Property, plant and equipment			
	Operating fixed assets	8.1	7,777,360	7,957,927
	Capital work-in-progress		140,891	118,372
	Major spare parts and stand-by equipment		2,155	3,194
			<u>7,920,406</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	6,265	23,252
	Transfer from non-current assets classified as held for sale	10	-	892,883
			<u>7,964,192</u>	<u>8,897,293</u>
	Depreciation charged during the period/year		(186,832)	(939,366)
	Closing book value	8.1.2	<u>7,777,360</u>	<u>7,957,927</u>

8.1.1 Following is the detail of additions

	Leasehold improvements		1,126	545
	Plant and equipment		4,870	21,398
	Office equipment		159	-
	Computers		40	1,205
	Furniture and fixtures		70	104
			<u>6,265</u>	<u>23,252</u>

8.1.2 Property, plant and equipment includes equipment deployed in implementing the Universal Service Fund network which is subject to lien exercisable by Universal Service Fund Company ("USFC") in the event of failure by the Company to maintain service availability and quality specification.

		31 March 2017 Un-Audited	31 December 2016 Audited
Note		----- (Rupees in '000) -----	
9	Intangible assets		
	Licenses	2,525,065	2,609,425
	Indefeasible right of use - media cost	462,429	475,496
	Softwares	3,087	3,799
		<u>2,990,581</u>	<u>3,088,720</u>

10 Non-current assets classified as held for sale

	Plant and equipment classified as held for sale	10.1	-	-
			<u>-</u>	<u>-</u>

10.1 Plant and equipment classified as held for sale

	Opening balance		-	892,883
	Transferred to property, plant and equipment			(892,883)
	Closing balance		<u>-</u>	<u>-</u>



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 have now been re-classified to property, plant and equipment (Note 8.1).

Quarter ended 31 March 2017 Un-Audited ------(Rupees in '000)-----	Quarter ended 31 March 2016 Un-Audited
--	---

11 Cash generated from/(used in) operations

Loss before taxation	(259,260)	(358,382)
----------------------	-----------	-----------

Adjustment for non-cash charges and other items:

- Depreciation on property, plant and equipment	186,832	185,829
- Amortization on intangible assets	98,134	65,061
- Amortization of long term trade receivables	(4,239)	(3,622)
- Provision for doubtful debts	2,691	1,563
- Write back of liabilities	(119,070)	(99,506)
- Gain on sale of property, plant and equipment	-	(1,545)
- Retirement benefits	13,988	22,821
- Finance cost	52,390	123,559

Loss before working capital changes	(28,534)	(64,222)
--	-----------------	-----------------

Effect on cash flow due to working capital changes:
Decrease/(increase) in the current assets:

- Stores and spares	(4,142)	8,567
- Stock-in-trade	(2)	(104)
- Trade debts	(112,559)	(15,481)
- Loans and advances	(4,703)	(54,567)
- Deposits and prepayments	16,645	(431)
- Other receivables	18,519	14,340

Increase/(decrease) in current liabilities:

- Trade and other payables	110,503	215,253
	24,261	167,576
	(4,273)	103,355



12 Related party transactions

The related parties comprise of members, foreign subsidiary, local associated companies, related group companies, directors of the Company, companies where directors also hold directorship and key management personnel. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Quarter ended	Quarter ended
		31 March 2017 Un-Audited	31 March 2016 Un-Audited
		----- (Rupees in '000) -----	
Parent company	Dividend on preference shares	53,742	30,831
	Management fee on preference shares	-	38,808
	Sale of goods and services	-	3,478
Key management personnel	Salaries and other employee benefits	53,655	75,106
		31 March 2017 Un-Audited	31 December 2016 Audited
		----- (Rupees in '000) -----	
Period/year end balances			
Omantel	Trade creditors	2,998,997	2,998,998
WSL	Trade creditors	7,375	23,121
	Short term borrowing	419,402	419,200
	Accrued markup	11,914	4,137
Key management personnel	Payable against expenses, salaries and other employee benefits	24,136	115,049
	Long term loans	10,618	11,249
	Advances	7,948	7,567

13 Financial risk management

13.1 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 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 31 December 2016.



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

13.2 Liquidity risk

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

13.3 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	124,340	-	-	124,340
Liabilities	-	-	-	-

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

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	150,799	-	-	150,799
Liabilities	-	-	-	-

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.



14 Date of authorization for issue

This condensed interim financial information was authorized for issue on 22 June 2017 by the Board of Directors of the Company.

15 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year. Presentation of profit and loss and balance sheet has been changed for better presentation and understanding.


Chief Executive Officer


Director





67 A, C-III Gulberg III, Lahore, Pakistan
Tel: (92 42) 35872633-38 Fax: (92 42) 35755231
www.worldcall.net.pk