CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

MARCH 31, 2019

VISION

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

MISSION STATEMENT

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

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

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

Contents

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

Bankers	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Bank Islami Pakistan Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Waseela Microfinance Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400. Tel: (021) 111-000-322
Registered Office/Head Office	Plot No. 1566/124, Main Walton Road, Lahore, Pakistan Tel: (+92 42) 36671191-94 Fax: (+92 42) 36671197
Webpage	www.worldcall.com.pk www.worldcall.net.pk

DIRECTORS' REVIEW REPORT

The Board of Directors of Worldcall Telecom Limited ("Wor ldcall" or the "Company") is pleased to present its review report along with condensed interim standalone and consolidated financial information for the first quarter ended March 31, 2019.

Economic Overview

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

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

Financial Overview

Standalone Financial Statements

Summary of financial results for the first quarter ended March 31, 2019 are as follows:

Particulars	1st Quarter March 31, 2019	1st Quarter March 31, 2018
	Rs. in million	
Revenue – net	1,025	710
Direct Cost (excluding depreciation and Amortization)	(619)	(506)
Other Income	197	432
EBITDA	444	448
Depreciation and Amortization	(314)	(259)
Finance Cost	(86)	(51)
Profit/(Loss) after tax	120	115

During the period under review, the Company closed its financial results reporting Rs 120 million as profit after tax. The company experienced an increase of Rs 316 million (45%) in its revenue as compared to first 3 months of last year indicating bright future prospects. Major contributors to the topline were the LDI (Rs 513 million) and the Broadband businesses (Rs. 505 million). The increase

in direct cost of 22% occurred in line with the increase in revenue reported whilst depreciation and amortization expense increased since company had revalued its assets upward at the year ended December 31, 2018.

Company has undergone a major transformation with the exit of its previous sponsors. Cost restructuring has been effected because of which Operating Costs have been reduced. Term Finance Certificate's (TFCs) restructuring, the only secured liability, has been effected under which repayment tenor has been extended till September 2026 and markup rate has been reduced by 0.6%. Other liabilities previously classified under 'current liabilities' have also been restructured and thus are classified as noncurrent.

Consolidated Financial Statements

Condensed interim consolidated financial statements comprise the financial results of WorldCall Telecom Limited (Parent Company) consolidated with Route 1 Digital (Private) Limited (Subsidiary Company). Route 1 Digital is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired this subsidiary during the year ended December 31, 2018 for which control was obtained on April 20, 2018.

Earnings per Share

The earnings per share of the Company on a consolidated as well as on standalone basis is Rupees 0.07 per share.

Future Outlook

The targets have been broken down into quantitative objectives with emphasis on productive utilization of dormant assets, enhanced quality service while monetizing associated offerings. The Company is sweating the assets and with the stability achieved, is targeting aggressive growth in the upcoming quarters. Till date, for the Broadband segment, over 1.2 million subscribers have come into the company's network; Contracts with 2 leading global vendors for supply of Digital boxes are in place and negotiations with 2 potential DTH License holders are being held to provide end to end Direct to Home (DTH) solution which would start another era of digitalization. Further we are well placed to launch Fiber to the Home (FTTH) launch as target areas along with vendors have been finalized. For the LDI business the Company has acquired state of the art Switch whereas Broadband, a joint venture agreement has recently been penned with Technology At Work (T@W) to provide high speed internet nationwide.

Cashing in on the new developments in ICT technologies, the company has set its footprints in the e-commerce and other business related IT applications as well. Acquisition of Route 1 Digital (Pvt) Limited is a means to launch WOORIDE with new energy and enthusiasm.

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

Lahore, Pakistan
April 30, 2019

Babar Ali Syed
Chief Executive Officer

ورلڈکال ٹیلی کام لمیٹڈ - مجموعی مالی اسٹیٹمنٹ

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

فی حصص آمدنی

کمپنی نے انفرادی اور مجموعی طور پر فی حصص 0.07 روپے تخمینہ قرار دیا ہے۔

مستقبل کا نقطۂ نظر اور توقعات

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

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

کمپنی کے ملازمین اور صارفین

ہم دل کی انتہا گہرائیوں 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 قابلِ قدر صارفین کو سروس کی فراہمی کے لئے پرعزم ہیں اور ہماری سروسز پر ان کے مسلسل اعتماد کے لئے شکر گزار ہیں۔

بحکم بورڈ آف ڈائریکٹرز

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور

30 اپریل 2019

ڈائریکٹرز کا تجزیہ

ورلڈکال ٹیلی کام لمیٹڈ (''ورلڈکال'' یا ''کمپنی'') کے ڈائریکٹرز 31 مارچ 2019ء کو اختتام پذیر غیر آڈٹڈ سہ ماہی علیحدہ اور مجموعی معلومات کا مختصر جائزہ پیش کرتے ہیں۔

اقتصادی جائزہ

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

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

مالیاتی جائزہ ۔ علیحدہ معاشی بیانئے

31 مارچ 2019 کو ختم ہونے والے علیحدہ معاشی بیانئے کا خلاصہ مندرجہ ذیل ہیں:

Particulars	1st Quarter March 31, 2019	1st Quarter March 31, 2018
	Rs. in million	
Revenue – net	1,025	710
Direct Cost (excluding depreciation and Amortization)	(619)	(506)
Other Income	197	432
EBITDA	444	448
Depreciation and Amortization	(314)	(259)
Finance Cost	(86)	(51)
Profit/(Loss) after tax	120	115

مدت کے دوران، کمپنی نے ٹیکس کے بعد منافع کے طور پر 120 ملین روپے کے اپنے مالیاتی نتائج کا اعلان کیا۔ کمپنی نے پچھلے سال کے مقابلے میں پہلے تین ماہ میں 316 ملین روپے (45 فیصد) کی آمدنی میں اضافہ ظاہر کیا ہے جو کہ کافی خوش آئند ہے۔ آمدن میں بڑے شراکت داروں میں LDI (513 ملین روپے) اور براڈبینڈ (505 ملین روپے) شامل ہیں۔ Direct Cost میں 22% کا اضافہ بڑھتی ہوئی آمدن کے ساتھ ہے جبکہ Depreciation & Amortization کے اخراجات میں اضافے کا باعث حالیہ Fixed Assets Revaluation ہے۔

کمپنی کے پچھلے سپانسرز کی رخصتی کے بعد کمپنی نے ایک اہم تبدیلی کی ہے۔ لاگت کی بحالی کو متاثر کیا گیا ہے جس کی وجہ سے آپریٹنگ لاگت میں ٹھوس کمی کی گئی ہے۔ ٹرم فنانس سرٹیفکیٹ کی بحالی کو عملی جامہ پہنا دیا گیا ہے جس کے تحت ستمبر 2026 تک ادائیگی کی مدت بڑھا دی گئی ہے۔ اور مارک اپ کی شرح 0.6% کم کردی گئی ہے۔ دیگر دوسری ذمہ داریوں کی مدتِ ادائیگی بھی بڑھائی گئی ہے جو کہ اب 12 ماہ کے بعد کی جائے گی۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital:			
1,500,000,000 (2018: 1,500,000,000) ordinary shares of Rs. 10 each		15,000,000	15,000,000
500,000 (2018: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)		6,000,000	6,000,000
Ordinary share capital	5	10,835,944	10,835,944
Preference share capital	6	2,585,646	2,585,646
Dividend on preference shares	7	949,662	949,662
Capital reserves	8	608,075	606,776
Accumulated loss		(12,986,638)	(13,162,382)
Surplus on revaluation of fixed assets	9	1,410,969	1,466,342
		3,403,658	3,281,988
NON-CURRENT LIABILITIES			
Term finance certificates	10	1,580,445	1,583,763
Long term financing	11	3,474	13,893
Sponsor's loan	12	1,260,731	1,255,931
License fee payable	13	1,021,500	1,021,500
Post employment benefits		256,852	241,020
Long term deposit		95,561	93,580
Lease liabilities	14	289,304	-
		4,507,867	4,209,687
CURRENT LIABILITIES			
Trade and other payables / Contract liabilities		6,606,528	6,984,430
Unearned revenue		85,113	73,903
Accrued mark up		144,540	122,184
Current portion of non-current liabilities		229,169	164,740
Short term borrowings		780,138	701,558
Unclaimed dividend		1,807	1,807
Provision for taxation - net		305,845	276,322
		8,153,140	8,324,944
Contingencies and Commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		16,064,665	15,816,619
NON-CURRENT ASSETS			
Property, plant and equipment	16	8,104,999	8,276,110
Right of use assets	14	340,609	-
Intangible assets	17	2,209,142	2,306,651
Investment properties		50,210	50,210
Long term investment	18	50,000	50,000
Long term trade receivable		52,110	54,578
Deferred taxation		2,391,386	2,281,289
Long term deposits		46,727	46,677
		13,245,183	13,065,515
CURRENT ASSETS			
Stores and spares		54,702	60,661
Stock-in-trade		205,414	204,777
Trade debts		1,749,164	1,674,557
Loans and advances		188,607	203,356
Deposits and prepayments		477,992	473,500
Short term investments		39,414	38,115
Other receivables		94,110	88,880
Income tax recoverable - net		-	-
Cash and bank balances		10,079	7,258
		2,819,482	2,751,104
TOTAL ASSETS		16,064,665	15,816,619

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

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

CONDENSED INTERM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended 31 March 2019	Quarter ended 31 March 2018
		Un-audited	Un-audited
		--------------(Rupees in '000)--------------	
Revenue - net		1,025,287	709,519
Direct costs excluding depreciation and amortization		(618,877)	(506,373)
Operating costs		(159,810)	(186,912)
Other income -net	19	197,154	431,822
Profit before Interest, Taxation, Depreciation and Amortization		443,754	448,056
Depreciation and amortization		(313,504)	(259,460)
Finance cost		(86,352)	(50,560)
Profit before Taxation		43,898	138,036
Taxation	20	76,473	(23,465)
Net Profit for the Period		120,371	114,571
Earnings per share - basic (Rupees)		0.07	0.10
Earnings per share - diluted (Rupees)		0.02	0.03

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

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended 31 March 2019 Un-audited	Quarter ended 31 March 2018 Un-audited
	--------------(Rupees in '000)-------------	
Net Profit for the Period	120,371	114,571
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
- Changes in fair value of available-for-sale financial assets	1,299	7,645
Other Comprehensive Income - net of tax	1,299	7,645
Total Comprehensive Income for the period - net of tax	121,670	122,216

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

Chief Executive Officer	Director	Chief Financial Officer

CONDENSED INTERM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves					Surplus on Revaluation of Fixed Assets	Revenue Reserve (Accumulated Loss)	Total
				Share Premium	Discount on Issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
					(Rupees in '000)						
Balance as at December 31, 2017 as previously reported	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	(974,701)	-	(13,027,326)	1,260,054
Effect of restatement	(1,260,612)	-	-	-	1,260,612	-	-	1,260,612	605,249	-	605,249
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303
Net profit for the period	-	-	-	-	-	-	-	-	-	114,571	114,571
Other comprehensive loss for the period - net of tax	-	-	-	-	-	7,644	-	7,644	-	-	7,644
Total comprehensive income for the period - net of tax	-	-	-	-	-	7,644	-	7,644	-	114,571	122,215
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(23,150)	23,150	-
Exchange translation reserve	-	-	-	-	-	-	147,878	147,878	-	(147,878)	-
Conversion of preference shares and dividend thereon	808,830	(100,640)	(29,666)	-	-	-	(10,003)	(10,003)	-	-	668,521
Discount on issuance of ordinary shares	(668,521)	-	-	-	-	-	-	-	-	-	(668,521)
Dividend on preference shares for the period	-	-	90,665	-	-	-	-	-	-	(90,665)	-
Total transactions with owners, recognized directly in equity	140,309	(100,640)	60,999	-	-	-	137,875	137,875	-	(238,543)	-
Balance as at March 31, 2018 as restated	10,090,855	3,049,596	961,686	-	-	1,716	429,714	431,430	582,099	(13,128,148)	1,987,518
Balance as at March 31, 2018 as previously reported	10,759,376	3,049,596	961,686	-	(668,521)	1,716	429,714	(237,091)	-	(13,128,148)	1,405,419
Effect of restatement	(668,521)	-	-	-	668,521	-	-	668,521	582,099	-	582,099
Balance as at March 31, 2018 as restated	10,090,855	3,049,596	961,686	-	-	1,716	429,714	431,430	582,099	(13,128,148)	1,987,518
Net profit for the period	-	-	-	-	-	-	-	-	-	332,324	332,324
Other comprehensive income for the period - net of tax	-	-	-	-	-	(28,490)	-	(28,490)	965,383	3,885	940,778
Total comprehensive income for the period - net of tax	-	-	-	-	-	(28,490)	-	(28,490)	965,383	336,209	1,273,102
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(102,508)	102,508	-
Effect of change in tax rates	-	-	-	-	-	-	-	-	21,368	-	21,368
Exchange translation reserve	-	-	-	-	-	-	315,912	315,912	-	(315,912)	-
Conversion of preference shares and dividend thereon	6,039,232	(463,950)	(169,063)	-	-	-	(112,076)	(112,076)	-	-	5,294,143
Discount on issuance of ordinary shares	(5,294,143)	-	-	-	-	-	-	-	-	-	(5,294,143)
Dividend on preference shares for the period	-	-	157,039	-	-	-	-	-	-	(157,039)	-
Total transactions with owners, recognized directly in equity	745,089	(463,950)	(12,024)	-	-	-	203,836	203,836	-	(472,951)	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	-	-	(26,774)	633,550	606,776	1,466,342	(13,162,382)	3,281,988
Net profit for the period	-	-	-	-	-	-	-	-	-	120,371	120,371
Other comprehensive income for the period - net of tax	-	-	-	-	-	1,299	-	1,299	-	-	1,299
Total comprehensive income for the period - net of tax	-	-	-	-	-	1,299	-	1,299	-	120,371	121,670
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(55,373)	55,373	-
Effect of change in tax rates	-	-	-	-	-	-	-	-	-	-	-
Exchange translation reserve	-	-	-	-	-	-	-	-	-	-	-
Conversion of preference shares and dividend thereon	-	-	-	-	-	-	-	-	-	-	-
Discount on issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Dividend on preference shares for the period	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	10,835,944	2,585,646	949,662	-	-	(25,475)	633,550	608,075	1,410,969	(12,986,638)	3,403,658

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

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

CONDENSED INTERM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended 31 March 2019 (Un-audited)	Quarter ended 31 March 2018 (Un-audited)
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	42,068	47,058
(Increase) / Decrease in non-current assets:			
- Long term loans		-	44
- Long term deposits		(50)	(416)
- Long term trade receivables		7,696	2,863
		7,646	2,491
Cash generated from operations		49,714	49,549
Post employment benefits paid		(307)	(2,371)
Finance cost paid		(29,509)	(11,835)
Income tax paid		(4,100)	(4,939)
Net Cash generated from operating Activities		15,798	30,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(44,884)	(14,320)
Proceeds from disposal of property, plant and equipment		-	22,355
Net Cash (Used in) / generated from Investing Activities		(44,884)	8,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(30,000)	(46,877)
Repayment of long term financing		(6,946)	-
Short term borrowings - net		78,580	5,823
Lease liability		(9,727)	-
Net Cash Generated from / (used in) Financing Activities		31,907	(41,054)
Net increase/(Decrease) in Cash and Cash Equivalents		2,821	(2,615)
Cash and cash equivalents at the beginning of the year		7,258	22,220
Cash and Cash Equivalents at the End of the period		10,079	19,605

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

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

NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

Note 1

The Company and its Operations

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

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 27.79% (2018: 27.79%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 50.19% (2018: 53.27%)

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

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

Note 2

Basis of Preparation

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

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

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

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

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

2.3 The financial statements provide comparative information in respect of the previous period.

2.4 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended December 31, 2018. Comparative statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2018 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the quarter ended March 31, 2018.

2.5 These condensed interim financial statements are unaudited.

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

2.7 Going concern assumption

The Company has earned a profit after taxation of Rs. 120.371 million during the period ended March 31, 2019 (March 2018: profit after taxation of Rs. 114.571 million) which includes the impact of write back of liabilities for Rs. 139.319 million (March 2018: Rs. 501.106 million). As at March 31, 2019, the accumulated loss of the Company stands at Rs. 12,986.64 million (December 31, 2018: Rs. 13,162.38 million) and its current liabilities exceed its current assets by Rs. 5,333.66 million (December 31, 2018: Rs. 5,573.84 million). These conditions, along with the factors discussed in note 15, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2.7.1 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.33 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings (Principal+Markup)	2.7.1.1	825
Pakistan Telecommunication Authority (PTA)	2.7.1.2	2,304
Claims of Parties Challenged	2.7.1.3	944
Continuing Business Partners	2.7.1.4	836
Provision for taxation	2.7.1.5	306
		5,215

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

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

2.7.1.2 Liabilities towards PTA stand at approximately Rs. 2.30 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.7.1.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Company in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Company's position, the management believes that such amounts may not be immediately payable under the circumstances.

2.7.1.4 The amount payable to creditors amounting Rs. 836 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.7.1.5 The Company does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.

2.7.2 Continued Parent Company Support

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

Note 3
Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding financial statements of the Company for the year ended December 31, 2018 except for the following:

3.1 Change in Accounting Policy

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

Following the application of IFRS 15, Company's policy for revenue recognition has been amended as follows:

Contract Cost

The Company previously recognized; cost of fulfilling a contract as direct cost while cost of acquiring a customer was charged to operating costs. Under IFRS 15, the Company capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life. Applying the practical expedient of IFRS 15, the Company recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

Contract assets

The contract assets primarily relate to the Company's right to consideration in exchange for goods or services that the Company has transferred to the customer but has not yet billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

Contract liability

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration) from the customer. When a customer pays the consideration or the payment is due (whichever is earlier) before the Company transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Company discharges its obligation under the contract.

The Company has not presented a third statement of financial position as at the beginning of the the preceding period as the Company believes that the there is no effect of restatement and reclassifications.

Leases

The Company has initially adopted IFRS 16 'Leases' from January 01, 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company has recognized lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Company's incremental borrowing rate and recognizing right of use assets at the date of initial application for leases. The Company has chosen to measure the right of use assets at an amount equal to the lease liabilities. Accordingly, the comparative figures presented for 2018 have not been restated.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration

The impact of adoption of IFRS 16, on transition is disclosed in note 14.

The Company used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17

- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics

Note 4
Significant Accounting Judgments and Estimates

The preparation of condensed interim (un-audited) financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim (un-audited) financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2018.

Note 5
Ordinary Share Capital

March 31, 2019 (Un-audited)	December 31, 2018 (Audited)		Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
No. of Shares				--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
945,350,404	945,350,404	Ordinary shares of Rs. 10 each issued against convertible preference shares		9,453,504	9,453,504
			5.6	18,059,220	18,059,220
		Less: Discount on issue of shares	5.7	(7,223,276)	(7,223,276)
1,805,921,917	1,805,921,917			10,835,944	10,835,944

5.1 During the period, Nill (2018: 56,100) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nill (2018: Rs. 198.729 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2. Legal formalities for allotment of 306,887,260 shares (2018: 306,887,260) by SECP are under process.

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

5.3 Worldcall Services (Pvt.) Limited, parent of the Company, holds 501,862,290 shares (2018: 501,862,290 shares) representing 27.79% (2018: 27.79%) in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 10).

5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 324,444,643 shares (2018: 324,444,643 shares) representing 17.97% (2018: 17.97%) in the Company.

5.5 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 79,931,543 shares (2018: 135,576,543 shares) representing 4.43% (2018: 7.51%) in the Company.

		March 31, 2019	December 31, 2018
		(Un-audited)	(Audited)
		--------------(Rupees in '000)	--------------
5.6	Reconciliation of outstanding ordinary share capital is as follows:		
	Opening balance	18,059,220	11,211,158
	Add: Ordinary share capital issued against convertible preference share capital	-	6,848,062
	Closing balance	18,059,220	18,059,220
5.7	Reconciliation of discount on issue of shares is as follows:		
	Opening balance	7,223,276	1,260,612
	Add: Discount on issuance of ordinary shares during the period / year	-	5,962,664
	Closing balance	7,223,276	7,223,276

Note 6
Preference Share Capital

	Note	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
		(Un-audited)	(Audited)	(Un-audited)	(Audited)
		--------No. of Shares	--------	------------(Rupees in '000)	------------
Opening balance		255,400	311,500	2,585,646	3,150,236
Less: Preference shares converted into ordinary shares during the period/year	6.3	-	(56,100)	-	(564,590)
		255,400	255,400	2,585,646	2,585,646

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

6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

6.3 In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 7.2. Out of these converted, 46,100 preference shares (2018: 46,100) are yet to be cancelled by the Company in SECP's records.

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

6.5 Certain preference shareholders have served conversion notices for conversion of Nill (2018: 38,800) during the period. The Company is yet to issue ordinary shares against these CPS along with accumulated dividend thereon. Such conversion would result in issuance of 541,237,537 ordinary shares.

6.6 Worldcall Services (Pvt.) Limited, parent of the Company, holds 34,500 preference shares (2018: 34,500 preference shares) in the Company.

6.7 Ferret Consulting F.Z.C., an associate of the Company, holds 164,100 preference shares (2018: 164,100 preference shares) in the Company.

6.8 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 4,300 preference shares (2018: 4,300 preference shares) in the Company.

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

Note 7

Dividend on Preference Shares

	Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)--------------	
Dividends on preference shares	7.1	949,662	949,662

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

7.2 During the period, cumulative preference dividend amounting to Rs. Nill (2018: Rs. 198.72 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.

Note 8

Capital Reserves

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Fair value reserve	(25,475)	(26,774)
Exchange translation reserve	633,550	633,550
	608,075	606,776

Note 9

Surplus on Revaluation of Fixed Assets

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	1,466,342	605,249
Surplus on revaluation arisen during the period/year	-	1,340,623
Related deferred taxation	-	(375,240)
	-	965,383
Adjustment of related deferred tax due to change in rate	-	21,368
Transfer to retained earnings in respect of net incremental depreciation/amortization net of deferred tax	(55,373)	(125,658)
Closing balance - net of tax	1,410,969	1,466,342

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

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

Note 10

Term Finance Certificates

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,317,110	1,517,110
Less: Payments made during the period/year	(30,000)	(200,000)
	1,287,110	1,317,110
Less: Current and overdue portion	(125,000)	(130,006)
	1,162,110	1,187,104
Add: Deferred markup	604,232	588,776
Less: Impact of IAS-39	(185,897)	(192,117)
	418,335	396,659
	1,580,445	1,583,763

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2018: six month average KIBOR plus 1.6% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 11.80% to 12.10% (2018: 8.03% to 8.21%) per annum.

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

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

The other main terms include appointment of one representative as nominee director nominated by the Trustee which has been opointed in the last Board of Directors meeing held on April 09, 2019.

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

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

Further, 175 million sponsor's, shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

Note 11

Long Term Financing

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)--------------	
11.1	**Askari Bank Limited**		
	Opening balance	48,627	76,414.00
	Repayments / adjustments	(6,946)	(27,787)
		41,681	48,627
	Less: Current and overdue portion	(38,207)	(34,734)
		3,474	13,893

This represents liability created by the bank due to encashment of performance guarantee issued in favour of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 30, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 12.80% to 13.10% (2018: 8.43% to 8.61%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Company in favour of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 12
Sponsor's Loan

		Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
			--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured				
- Interest bearing		12.1	422,100	417,300
- Non-interest bearing		12.2	838,631	838,631
			1,260,731	1,255,931
12.1	Opening balance		417,300	331,500
	Exchange loss		4,800	85,800
			422,100	417,300

This represents loan obtained from Worldcall Services (Private) Limited, Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the period on the outstanding balance is 12.34% (2018: 7.50%) per annum.

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

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

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,221,337	368,500
Transferred from current account	-	852,837
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IAS-39	(382,706)	(382,706)
	838,631	838,631

Note 13
License Fee Payable

This represents balance amount of license fee payable to PTA for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Company, the Islamabad High Court took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Under these circumstances, the management does not expect the liability to materialize fully in the near future and therefore restated this liability last year from current liability to non-current liability.

Note 14
LEASE LIABILITIES AND RIGHT OF USE ASSETS

	January 01, 2019 (Un-audited) (Rupees in '000)
Lease liabilities	
Operating lease commitments	633,825
Discounting using the incremental borrowing rate	353,182

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an estimated incremental borrowing rate of 13.35%

Right of use (ROU) assets

Right of use assets have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the condensed interim statement of financial position as at January 01, 2019.

	January 01, 2019 (Un-audited) (Rupees in '000)
Present value of the future lease payments	353,182
Prepayments reclassified as right of use assets	-
	353,182

	March 31, 2019 (Un-audited) (Rupees in '000)
Lease commitments	
-within one year	73,281
-between 2 to 5 year	248,003
-after 5 years	294,092
Total undiscounted lease commitments	615,376
Discounting lease liability using the incremental borrowing rate	355,266
Current portion shown under current liabilities	(65,962)
Due after 12 months	289,304

Right of use assets

Balance as at January 01, 2019	353,182
Amortization for the period	(12,573)
Balance as at March 31, 2019	340,609

Amounts recognized in condensed interim statement of profit or loss

Interest on lease liabilities	11,811
Amortization of right of use assets	12,573
	24,384

Note 15
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, 2018.

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Guarantees and Letter of Credits		
Outstanding guarantees and letter of credits	329,650	349,100
Commitments		
Commitments in respect of capital expenditure	146,805	138,330

Note 16
Property, Plant and Equipment

	Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)--------------	
Operating fixed assets	16.1	8,046,957	8,219,709
Capital work-in-progress		58,042	56,401
		8,104,999	8,276,110

16.1 Operating fixed assets

Opening book value		8,219,709	6,814,020
Additions during the period / year	16.1.1	43,243	870,532
Revaluation surplus during the period / year		-	1,340,623
		8,262,952	9,025,175
Disposals (at book value) for the period / year	16.1.2	-	(70,276)
Depreciation charged during the period / year		(215,995)	(735,190)
Closing book value		8,046,957	8,219,709

16.1.1 Detail of additions

Leasehold improvements	511	5,500
Plant and equipment	41,653	133,306
Leased assets - Plant and equipment	-	720,000
Office equipment	233	5,500
Furniture and fixtures	656	909
Computers	190	5,211
Laboratory and other equipment	-	106
	43,243	870,532

16.1.2 Book values of assets disposed off

Freehold Land	-	19,800
Plant and equipment	-	49,725
Office Equipment	-	165
Computers	-	58
Vehicles	-	528
	-	70,276

Note 17

Intangible Assets

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Licenses	1,851,249	1,935,691
Indefeasible right of use - media cost	357,893	370,960
	2,209,142	2,306,651

Note 18

Long Term Investment

	March 31, 2018 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]		
Route 1 Digital (Private) Limited		
30,000 (2018: 30,000) ordinary shares of Rs. 100 each, equity held 100% (2018: 100%)	50,000	50,000

18.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during last year. The principal place of business of Route 1 Digital (Private) Limited is situated at 2nd Floor 300-Y Block Phase III Defence Housing Authority Lahore, Pakistan. This investment in subsidiary is stated at cost. From the total consideration amount of Rs. 50 million, Rs. 5 million has bee paid as at the reporting date.

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

Note 19

Other Income - Net

This includes the impact of write back of liabilities amounting to Rs. 139 million (March 31, 2018: Rs. 501.06 million).

Note 20

Taxation

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

Note 21

Cash Generated from Operations

	Quarter ended March 31, 2019 (Un-audited)	Quarter ended March 31, 2018 (Un-audited)
	--------------(Rupees in '000)--------------	
Profit before taxation	43,898	138,036
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	215,995	161,239
- Amortization on intangible assets	97,509	98,221
- Amortization of long term trade receivable	(5,228)	(4,770)
- Amortization of right of use assets	12,573	-
- Reversal of Provision for loan and advances	(846)	-
- Liabilities no longer payable written back	(139,319)	(501,065)
- Gain on disposal of property, plant and equipment	-	(1,412)
- Unwinding of discounting	8,200	6,027
- Post employment benefits	16,139	14,487
- Exchange loss on foreign currency loan	4,800	14,700
- Exchange loss on foreign currency accrued markup	980	-
- Imputed interest on lease liability	11,811	-
- Finance cost	66,341	50,560
	288,955	(162,013)
Operating profit / (loss) before working capital changes	332,853	(23,977)
(Increase) / decrease in current assets		
- Stores and spares	5,959	(2,362)
- Stock-in-trade	(637)	9,438
- Trade debts	(74,607)	(100,463)
- Loans and advances	15,595	(55,888)
- Deposits and prepayments	(4,492)	(5,588)
- Other receivables	(5,230)	3,441
Increase / (decrease) in current liabilities		
- Unearned revenue	11,210	(10,727)
- Trade and other payables	(238,583)	233,184
	(290,785)	71,035
Cash Generated from operations	42,068	47,058

Note 22

Transaction with Related Parties

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. Amounts due from and due to related parties are shown under respective notes to these financial statements.

Transactions during the period with companies

Related party	Relationship	Nature of transaction	Quarter ended March 31, 2019 (Un-audited)	Quarter ended March 31, 2018 (Un-audited)
			--------------(Rupees in '000)	--------------
Oman Telecommunication SAOG	Former Parent Company	Dividend on preference shares	-	8,936
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	175,596	167,900
		Funds repaid by the Company during the period	149,185	17,332
		Markup on long term borrowings	15,073	6,847
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary	Expenses borne on behalf of subsidiary	1,684	-
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	5,304	-
Key management personnel	Associated persons	Salaries and employees benefits	31,986	31,348
Ferret Consulting - F.Z.C	Associate	Dividend on CPS	-	81,729
		Current Account	71,950	-

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

Outstanding Balance as at the period/year end

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)	--------------
Oman Telecommunication SAOG	Dividend on CPS	196,180	196,180
Worldcall Services (Private) Limited	Sponsor's loan	1,260,731	1,255,931
	Dividend on CPS	130,868	130,868
	Accrued markup	91,966	75,913
	Payable under current account	26,411	-
Ferret Consulting - F.Z.C	Dividend on CPS	606,303	606,303
	Current Account	211,050	139,100
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	16,311	16,311
Route 1 Digital (Private) Limited	Investment in subsidiary	-	50,000
	Other receivables	9,452	7,769
Worldcall Business Solutions (Private) Limited	Other receivables	32,515	27,211
Worldcall Cable (Private) Limited	Other receivables	1,240	1,240
Key management personnel	Payable against expenses, salaries and other employee benefits	89,753	89,805
	Long term loans	-	269
	Advance against expenses	13,652	12,455

Note 23
Financial Risk Management

23.1 Financial risk factors

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

The condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018.

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

23.2 Liquidity risk

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

23.3 Fair value estimation

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

	March 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	------------'Rs. in '000------------			
Financial Assets:				
Long term trade receivable	52,110	364,095	54,578	372,186
Financial Liabilities:				
Term finance certificates	1,580,445	1,891,342	1,583,763	1,905,886
Long term deposit	95,561	105,000	93,580	105,000
Sponsors' loan	1,018,578	1,643,437	1,255,931	1,638,637
	2,694,584	3,639,779	2,933,274	3,649,523

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

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

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

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

	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Assets				
Available-for-sale investments	39,414	-	-	39,414

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2018:

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

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

Note 24
Date of Authorization for Issue

These condensed interim financial statements (un-audited) were approved and authorized for issue on April 30, 2019 by the Board of Directors of the Company.

Chief Executive Officer	Director	Chief Financial Officer

Condensed Interim Consolidated Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital:			
1,500,000,000 (2018: 1,500,000,000) ordinary shares of Rs. 10 each		15,000,000	15,000,000
500,000 (2018: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)		6,000,000	6,000,000
Ordinary share capital	5	10,835,944	10,835,944
Preference share capital	6	2,585,646	2,585,646
Dividend on preference shares	7	949,662	949,662
Capital reserves	8	608,075	606,776
Accumulated loss		(12,996,675)	(13,170,319)
Surplus on revaluation of fixed assets	9	1,410,969	1,466,342
		3,393,621	3,274,051
NON-CURRENT LIABILITIES			
Term finance certificates	10	1,580,445	1,583,763
Long term financing	11	3,474	13,893
Sponsor's loan	12	1,260,731	1,255,931
License fee payable	13	1,021,500	1,021,500
Post employment benefits		256,852	241,020
Long term deposit		95,561	93,580
Lease liabilities	14	289,304	-
		4,507,867	4,209,687
CURRENT LIABILITIES			
Trade and other payables / Contract liabilities		6,607,587	6,985,295
Unearned revenue		85,113	73,903
Accrued mark up		144,540	122,184
Current portion of non-current liabilities		229,169	164,740
Short term borrowings		780,138	701,558
Unclaimed dividend		1,807	1,807
Provision for taxation - net		305,802	276,281
		8,154,156	8,325,768
Contingencies and Commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		16,055,644	15,809,506
NON-CURRENT ASSETS			
Property, plant and equipment	16	8,108,592	8,279,862
Right of use assets	14	340,609	-
Intangible assets	17	2,255,585	2,353,114
Investment properties		50,210	50,210
Long term trade receivable		52,110	54,578
Deferred taxation		2,391,386	2,281,289
Long term deposits		46,727	46,677
		13,245,219	13,065,730
CURRENT ASSETS			
Stores and spares		54,702	60,661
Stock-in-trade		205,414	204,777
Trade debts		1,749,363	1,674,755
Loans and advances		188,742	203,497
Deposits and prepayments		477,992	473,500
Short term investments		39,414	38,115
Other receivables		84,658	81,111
Cash and bank balances		10,140	7,360
		2,810,425	2,743,776
TOTAL ASSETS		16,055,644	15,809,506

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

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

CONDENSED CONSOLIDATED INTERM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended 31 March 2019 Un-audited	Quarter ended 31 March 2018 Un-audited
		--------------(Rupees in '000)--------------	
Revenue - net		1,025,290	709,519
Direct costs excluding depreciation and amortization		(618,986)	(506,373)
Operating costs		(161,619)	(186,912)
Other income -net	18	197,154	431,822
Profit before Interest, Taxation, Depreciation and Amortization		441,839	448,056
Depreciation and amortization		(313,683)	(259,460)
Finance cost		(86,358)	(50,560)
Profit before Taxation		41,798	138,036
Taxation	19	76,473	(23,465)
Net Profit for the Period		118,271	114,571
Earnings per share - basic (Rupees)		0.07	0.10
Earnings per share - diluted (Rupees)		0.02	0.03

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

	Quarter ended 31 March 2019	Quarter ended 31 March 2018
	Un-audited	Un-audited
	--------------(Rupees in '000)-------------	
Net Profit for the Period	118,271	114,571
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
- Changes in fair value of available-for-sale financial assets	1,299	7,645
Other Comprehensive Income - net of tax	1,299	7,645
Total Comprehensive Income for the period - net of tax	119,570	122,216

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

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

CONDENSED CONSOLIDATED INTERM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves					Surplus on Revaluation of Fixed Assets	Revenue Reserve (Accumulated Loss)	Total
				Share Premium	Discount on Issue of Shares	Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)										
Balance as at December 31, 2017 as previously reported	11,211,158	3,150,236	900,687	-	(1,260,612)	(5,928)	291,839	(974,701)	-	(13,027,326)	1,260,054
Effect of restatement	(1,260,612)	-	-	-	1,260,612	-	-	1,260,612	605,249	-	605,249
Balance as at December 31, 2017 as restated	9,950,546	3,150,236	900,687	-	-	(5,928)	291,839	285,911	605,249	(13,027,326)	1,865,303
Net profit for the period	-	-	-	-	-	-	-	-	-	114,571	114,571
Other comprehensive loss for the period - net of tax	-	-	-	-	-	7,644	-	7,644	-	-	7,644
Total comprehensive income for the period - net of tax	-	-	-	-	-	7,644	-	7,644	-	114,571	122,215
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(23,150)	23,150	-
Exchange translation reserve	-	-	-	-	-	-	147,878	147,878	-	(147,878)	-
Conversion of preference shares and dividend thereon	808,830	(100,640)	(29,666)	-	-	-	(10,003)	(10,003)	-	-	668,521
Discount on issuance of ordinary shares	(668,521)	-	-	-	-	-	-	-	-	-	(668,521)
Dividend on preference shares for the period	-	-	90,665	-	-	-	-	-	-	(90,665)	-
Total transactions with owners, recognized directly in equity	140,309	(100,640)	60,999	-	-	-	137,875	137,875	-	(238,543)	-
Balance as at March 31, 2018 as restated	10,090,855	3,049,596	961,686	-	-	1,716	429,714	431,430	582,099	(13,128,148)	1,987,518
Balance as at March 31, 2018 as previously reported	10,759,376	3,049,596	961,686	-	(668,521)	1,716	429,714	(237,091)	-	(13,128,148)	1,405,419
Effect of restatement	(668,521)	-	-	-	668,521	-	-	668,521	582,099	-	582,099
Balance as at March 31, 2018 as restated	10,090,855	3,049,596	961,686	-	-	1,716	429,714	431,430	582,099	(13,128,148)	1,987,518
Net profit for the period	-	-	-	-	-	-	-	-	-	324,387	324,387
Other comprehensive income for the period - net of tax	-	-	-	-	-	(28,490)	-	(28,490)	965,383	3,885	940,778
Total comprehensive income for the period - net of tax	-	-	-	-	-	(28,490)	-	(28,490)	965,383	328,272	1,265,165
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(102,508)	102,508	-
Effect of change in tax rates	-	-	-	-	-	-	-	-	21,368	-	21,368
Exchange translation reserve	-	-	-	-	-	-	315,912	315,912	-	(315,912)	-
Conversion of preference shares and dividend thereon	6,039,232	(463,950)	(169,063)	-	-	-	(112,076)	(112,076)	-	-	5,294,143
Discount on issuance of ordinary shares	(5,294,143)	-	-	-	-	-	-	-	-	-	(5,294,143)
Dividend on preference shares for the period	-	-	157,039	-	-	-	-	-	-	(157,039)	-
Total transactions with owners, recognized directly in equity	745,089	(463,950)	(12,024)	-	-	-	203,836	203,836	-	(472,951)	-
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	-	-	(26,774)	633,550	606,776	1,466,342	(13,170,319)	3,274,051
Net profit for the period	-	-	-	-	-	-	-	-	-	118,271	118,271
Other comprehensive income for the period - net of tax	-	-	-	-	-	1,299	-	1,299	-	-	1,299
Total comprehensive income for the period - net of tax	-	-	-	-	-	1,299	-	1,299	-	118,271	119,570
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	-	-	(55,373)	55,373	-
Effect of change in tax rates	-	-	-	-	-	-	-	-	-	-	-
Exchange translation reserve	-	-	-	-	-	-	-	-	-	-	-
Conversion of preference shares and dividend thereon	-	-	-	-	-	-	-	-	-	-	-
Discount on issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Dividend on preference shares for the period	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	10,835,944	2,585,646	949,662	-	-	(25,475)	633,550	608,075	1,410,969	(12,996,675)	3,393,621

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

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

CONDENSED CONSOLIDATED INTERM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

	Note	Quarter ended 31 March 2019 (Un-audited)	Quarter ended 31 March 2018 (Un-audited)
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	20	42,036	47,058
(Increase) / Decrease in non-current assets:			
- Long term loans		-	44
- Long term deposits		(50)	(416)
- Long term trade receivables		7,696	2,863
		7,646	2,491
Cash generated from operations		49,682	49,549
Post employment benefits paid		(307)	(2,371)
Finance cost paid		(29,515)	(11,835)
Income tax paid		(4,103)	(4,939)
Net Cash generated from Operating Activities		15,757	30,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(44,884)	(14,320)
Proceeds from disposal of property, plant and equipment		-	22,355
Net Cash (Used in) / generated from Investing Activities		(44,884)	8,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(30,000)	(46,877)
Repayment of long term financing		(6,946)	-
Short term borrowings - net		78,580	5,823
Lease liability		(9,727)	-
Net Cash Generated from / (used in) Financing Activities		31,907	(41,054)
Net increase / (Decrease) in Cash and Cash Equivalents		2,780	(2,615)
Cash and cash equivalents at the beginning of the year		7,360	22,220
Cash and Cash Equivalents at the End of the Period		10,140	19,605

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2019

Note 1

Legal Status and Nature of Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (refer to note 1.1)
- Route 1 Digital (Private) Limited (the subsidiary) was acquired during the year 2018 (refer to note 1.2). The subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the subsidiary.

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

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 27.79% (2018: 27.79%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 50.19% (2018: 53.27%)

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

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

Sr. No.	Business unit	Address
1	Main Offices	Plot # 1566/124, Main Walton Road, Lahore Cantt.
2		Office # 317, The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi.
3		2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt.
4		20, Tariq Block, New Garden Town, Lahore.
5	Regional offices	Office # 302, 303, 304, 318,319 & 316 The Plaza Shopping Center, G-7, Block-9, Clifton, Karachi
6		Office No 508, Uni Plaza, I.I.Chundrigar Road, Karachi
7		41 N, Gulberg II, Lahore
8		Y-194/1, Commercial Phase-III, DHA, Lahore
9		Ali Tower 105-BII,MM Alam Road, Lahore
10		Shop # 35,34, J-I Market, WAPDA Town, Lahore
11		CSC Cantt Shop # 02 Ground floor Cantt Board Plaza,Tufail Road, Lahore Cantt.
12		House # 81, FG Colony, Hassan Garhi Shami Road, Peshawar
13	Warehouse	Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
14		Plot # F15/F16, Ground Portion situated at P&T Colony, Gizri Road, Clifton, Karachi
15		Shop # 42, Near Arbab Ziauddin Plaza, Sabzal Road, Quetta
16	Headends	Office # 315, Plot # G-7, Block-9, K.D.A Scheme # 5, Kehkashan Clifton, Karachi
17		Plot # 33, Maqboolabad Cooperating Housing Society, Karachi
18		Plot # 112-113 Block-S, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore
19		P-1410-11-B People's Colony-1, Faisalabad
20		Plot # 321, St # 04, Sector I-9/3, Islamabad
21		Khawar Centre, 92-Nusrat Road, Near SP Chowk, Multan
22		Mukarram Plaza, plot # 591-592-B, Main Market Model Town, Gujranwala

Note 2

Basis of Preparation

2.1 The condensed consolidated interim financial statements includes the financial statements of the Company and its Subsidiary. The financial statements of the Subsidiary have been consolidated on a line by line basis.

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

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

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

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

2.3 The condensed consolidated interim financial statements provide comparative information in respect of the previous period.

2.4 These condensed consolidated interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended December 31, 2018. Comparative condensed consolidated statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2018 whereas comparative condensed consolidated interim statement of profit or loss, condensed consolidated interm comparative statement of comprehensive income, condensed consolidated interim comparative statement of changes in equity and condensed consolidated interim comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the quarter ended March 31, 2018.

2.5 These condensed consolidated interim financial statements are unaudited.

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

2.7 Going concern assumption

The Group has earned a profit after taxation of Rs. 118.271 million during the period ended March 31, 2019 (March 2018: profit after taxation of Rs. 114.571 million) which includes the impact of write back of liabilities for Rs. 139.319 million (March 2018: Rs. 501.106 million). As at March 31, 2019, the accumulated loss of the Group stands at Rs. 12,996.64 million (December 31, 2018: Rs. 13,170.32 million) and its current liabilities exceed its current assets by Rs. 5,343.73 million (December 31, 2018: Rs. 5,581.992 million). These conditions, along with the factors discussed in note 15, indicate the existence of material uncertainties that cast significant doubt about the Group ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

2.7.1 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.34 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings (Principal+Markup)	2.7.1.1	825
Pakistan Telecommunication Authority (PTA)	2.7.1.2	2,304
Claims of Parties Challenged	2.7.1.3	944
Continuing Business Partners	2.7.1.4	836
Provision for taxation	2.7.1.5	306
		5,215

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

2.7.1.1 The Group has been successful in obtaining renewals of its short term financing facilities from all major banks except two facilities and markup servicing is also being improved.

2.7.1.2 Liabilities towards PTA stand at approximately Rs. 2.30 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.

2.7.1.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Group in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Group's position, the management believes that such amounts may not be immediately payable under the circumstances.

2.7.1.4 The amount payable to creditors amounting Rs. 836 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.

2.7.1.5 The Group does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.

2.7.2 Continued Parent Company Support

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

Note 3

Significant Accounting Policies

The Group's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed consolidated interim (un-audited) financial statements are the same as those applied in the preparation of preceding financial statements of the Group for the year ended December 31, 2018 except for the following:

3.1 Change in Accounting Policy

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

Following the application of IFRS 15, Group's policy for revenue recognition has been amended as follows:

Contract Cost

The Group previously recognized; cost of fulfilling a contract as direct cost while cost of acquiring a customer was charged to operating costs. Under IFRS 15, the Group capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life. Applying the practical expedient of IFRS 15, the Group recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

Contract assets

The contract assets primarily relate to the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer but has not yet billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

Contract liability

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration) from the customer. When a customer pays the consideration or the payment is due (whichever is earlier) before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Group discharges its obligation under the contract.

The Group has not presented a third statement of financial position as at the beginning of the the preceding period as the Group believes that the there is no effect of restatement and reclassifications.

Leases

The Group has initially adopted IFRS 16 'Leases' from January 01, 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group applied IFRS 16 using the modified retrospective approach, under which the Group has recognized lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Group's incremental borrowing rate and recognizing right of use assets at the date of initial application for leases. The Group has chosen to measure the right of use assets at an amount equal to the lease liabilities. Accordingly, the comparative figures presented for 2018 have not been restated.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Group now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration

The impact of adoption of IFRS 16, on transition is disclosed in note 14.

The Group used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17

- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics

Note 4

Significant Accounting Judgments and Estimates

The preparation of condensed consolidated interim (un-audited) financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed consolidated interim (un-audited) financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2018.

Note 5

Ordinary Share Capital

March 31, 2019 (Un-audited)	December 31, 2018 (Audited)		Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
No. of Shares				--------------(Rupees in '000)--------------	
344,000,000	344,000,000	Ordinary shares of Rs. 10 each fully paid in cash		3,440,000	3,440,000
309,965,789	309,965,789	Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger		3,099,658	3,099,658
98,094,868	98,094,868	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		980,949	980,949
108,510,856	108,510,856	Ordinary shares of Rs. 10 each issued against convertible loan		1,085,109	1,085,109
945,350,404	945,350,404	Ordinary shares of Rs. 10 each issued against convertible preference shares		9,453,504	9,453,504
			5.6	18,059,220	18,059,220
		Less: Discount on issue of shares	5.7	(7,223,276)	(7,223,276)
1,805,921,917	1,805,921,917			10,835,944	10,835,944

5.1 During the period, Nill (2018: 56,100) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nill (2018: Rs. 198.729 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2. Legal formalities for allotment of 306,887,260 shares (2018: 306,887,260) by SECP are under process.

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

5.3 Worldcall Services (Pvt.) Limited, parent of the Company, holds 501,862,290 shares (2018: 501,862,290 shares) representing 27.79% (2018: 27.79%) in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 10).

5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 324,444,643 shares (2018: 324,444,643 shares) representing 17.97% (2018: 17.97%) in the Company.

5.5 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 79,931,543 shares (2018: 135,576,543 shares) representing 4.43% (2018: 7.51%) in the Company.

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
5.6 Reconciliation of outstanding ordinary share capital is as follows:		
Opening balance	18,059,220	11,211,158
Add: Ordinary share capital issued against convertible preference share capital	-	6,848,062
Closing balance	18,059,220	18,059,220
5.7 Reconciliation of discount on issue of shares is as follows:		
Opening balance	7,223,276	1,260,612
Add: Discount on issuance of ordinary shares during the period / year	-	5,962,664
Closing balance	7,223,276	7,223,276

Note 6

Preference Share Capital

	Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------No. of Shares--------		------------(Rupees in '000)------------	
Opening balance		255,400	311,500	2,585,646	3,150,236
Less: Preference shares converted into ordinary shares during the Period/year	6.3	-	(56,100)	-	(564,590)
		255,400	255,400	2,585,646	2,585,646

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

6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

6.3 In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 7.2. Out of these converted, 46,100 preference shares (2018: 46,100) are yet to be cancelled by the Company in SECP's records.

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

6.5 Certain preference shareholders have served conversion notices for conversion of Nill (2018: 38,800) during the period. The Company is yet to issue ordinary shares against these CPS along with accumulated dividend thereon. Such conversion would result in issuance of 541,237,537 ordinary shares.

6.6 Worldcall Services (Pvt.) Limited, parent of the Company, holds 34,500 preference shares (2018: 34,500 preference shares) in the Company.

6.7 Ferret Consulting F.Z.C., an associate of the Company, holds 164,100 preference shares (2018: 164,100 preference shares) in the Company.

6.8 AMB Management Consultants (Pvt.) Limited, an associate of the Company, holds 4,300 preference shares (2018: 4,300 preference shares) in the Company.

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

Note 7

Dividend on Preference Shares

	Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)--------------	
Dividends on preference shares	7.1	949,662	949,662

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

7.2 During the period, cumulative preference dividend amounting to Rs. Nill (2018: Rs. 198.72 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.

Note 8

Capital Reserves

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Fair value reserve	(25,475)	(26,774)
Exchange translation reserve	633,550	633,550
	608,075	606,776

Note 9

Surplus on Revaluation of Fixed Assets

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance - net of tax	1,466,342	605,249
Surplus on revaluation arisen during the period/year	-	1,340,623
Related deferred taxation	-	(375,240)
	-	965,383
Adjustment of related deferred tax due to change in rate	-	21,368
Transfer to retained earnings in respect of net incremental depreciation/amortization net of deferred tax	(55,373)	(125,658)
Closing balance - net of tax	1,410,969	1,466,342

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

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

Note 10

Term Finance Certificates

	March 31, 2019	December 31, 2018
	(Un-audited)	(Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,317,110	1,517,110
Less: Payments made during the period/year	(30,000)	(200,000)
	1,287,110	1,317,110
Less: Current and overdue portion	(125,000)	(130,006)
	1,162,110	1,187,104
Add: Deferred markup	604,232	588,776
Less: Impact of IAS-39	(185,897)	(192,117)
	418,335	396,659
	1,580,445	1,583,763

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (2018: six month average KIBOR plus 1.6% per annum), payable quarterly. The mark up rate charged during the Period on the outstanding balance ranged from 11.80% to 12.10% (2018: 8.03% to 8.21%) per annum.

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

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

The other main terms include appointment of one representative as nominee director nominated by the Trustee which has been opointed in the last Board of Directors meeing held on April 09, 2019.

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

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

Further, 175 million sponsor's, shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019.

Note 11

Long Term Financing

	March 31, 2019	December 31, 2018
	(Un-audited)	(Audited)
	--------------(Rupees in '000)--------------	
11.1 Askari Bank Limited		
Opening balance	48,627	76,414
Repayments / adjustments	(6,946)	(27,787)
	41,681	48,627
Less: Current and overdue portion	(38,207)	(34,734)
	3,474	13,893

This represents liability created by the bank due to encashment of performance guarantee issued in favour of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 30, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 12.80% to 13.10% (2018: 8.43% to 8.61%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Company in favour of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 12
Sponsor's Loan

	Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	12.1	422,100	417,300
- Non-interest bearing	12.2	838,631	838,631
		1,260,731	1,255,931
12.1 Opening balance		417,300	331,500
Exchange loss		4,800	85,800
		422,100	417,300

This represents loan obtained from Worldcall Services (Private) Limited, Parent Company. It carries mark up at 12 months KIBOR plus 1%. The mark up rate charged during the period on the outstanding balance is 12.34% (2018: 7.50%) per annum.

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

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

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,221,337	368,500
Transferred from current account	-	852,837
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IAS-39	(382,706)	(382,706)
	838,631	838,631

Note 13
License Fee Payable

This represents balance amount of license fee payable to PTA for WLL licenses. The Company had filed an application with PTA for grant of moratorium over payment of this balance amount. However, PTA rejected the Company's application and demanded its payment. Being aggrieved by this, the Company filed an appeal before Islamabad High Court ("IHC") against PTA's order. Meanwhile, the Ministry of Information Technology ("Ministry") through its letter dated August 30, 2011, allowed to the operators, the staggering for settlement of Access Promotion Contribution ("APC") and Initial Spectrum Fee ("ISF") dues and required PTA to submit an installment plan for this purpose after consultations with the operators. In respect of an appeal filed by the Company, the Islamabad High Court took notice of the Ministry's letter and directed PTA through its order dated January 20, 2015, to expeditiously proceed with the preparation and submission of the said installment plan. As of the reporting date, no such installment plan has been submitted by PTA. Under these circumstances, the management does not expect the liability to materialize fully in the near future and therefore restated this liability last year from current liability to non-current liability.

Note 14

LEASE LIABILITIES AND RIGHT OF USE ASSETS

	January 01, 2019 (Un-audited) (Rupees in '000)
Lease liabilities	
Operating lease commitments	633,825
Discounting using the incremental borrowing rate	353,182

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an estimated incremental borrowing rate of 13.35%

Right of use (ROU) assets

Right of use assets have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the condensed consolidated interim statement of financial position as at January 01, 2019.

	January 01, 2019 (Un-audited) (Rupees in '000)
Present value of the future lease payments	353,182
Prepayments reclassified as right of use assets	-
	353,182

	March 31, 2019 (Un-audited) (Rupees in '000)
Lease commitments	
-within one year	73,281
-between 2 to 5 year	248,003
-after 5 years	294,092
Total undiscounted lease commitments	615,376
Discounting lease liability using the incremental borrowing rate	355,266
Current portion shown under current liabilities	(65,962)
Due after 12 months	289,304
Right of use assets	
Balance as at January 01, 2019	353,182
Amortization for the period	(12,573)
Balance as at March 31, 2019	340,609
Amounts recognized in condensed consolidated interim statement of profit or loss	
Interest on lease liabilities	11,811
Amortization of right of use assets	12,573
	24,384

Note 15

Contingencies and Commitments

There is no significant change in contingencies from the preceding annual published financial statements of the Group for the year ended December 31, 2018.

	March 31, 2019	December 31, 2018
	(Un-audited)	(Audited)
	--------------(Rupees in '000)--------------	
Guarantees and Letter of Credits		
Outstanding guarantees and letter of credits	329,650	349,100
Commitments		
Commitments in respect of capital expenditure	146,805	138,330

Note 16

Property, Plant and Equipment

	Note	March 31, 2019	December 31, 2018
		(Un-audited)	(Audited)
		--------------(Rupees in '000)--------------	
Operating fixed assets	16.1	8,050,550	8,223,461
Capital work-in-progress		58,042	56,401
		8,108,592	8,279,862

16.1 Operating fixed assets

	Note	March 31, 2019	December 31, 2018
Opening book value		8,223,461	6,814,020
Additions during the period / year	16.1.1	43,243	874,757
Revaluation surplus during the period / year		-	1,340,623
		8,266,704	9,029,400
Disposals (at book value) for the period / year	16.1.2	-	(70,276)
Depreciation charged during the period / year		(216,154)	(735,663)
Closing book value		8,050,550	8,223,461

16.1.1 Detail of additions

	March 31, 2019	December 31, 2018
Leasehold improvements	511	5,500
Plant and equipment	41,653	133,306
Leased assets - Plant and equipment	-	720,000
Office equipment	233	5,508
Furniture and fixtures	656	909
Computers	190	5,229
Laboratory and other equipment	-	106
Acquisition of subsidiary Assets throgh during period / year	-	4,199
	43,243	874,757

16.1.2 Book values of assets disposed off

	March 31, 2019	December 31, 2018
Freehold Land	-	19,800
Plant and equipment	-	49,725
Office Equipment	-	165
Computers	-	58
Vehicles	-	528
	-	70,276

Note 17

Intangible Assets

	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	--------------(Rupees in '000)--------------	
Licenses	1,851,249	1,935,691
Indefeasible right of use - media cost	357,893	370,960
Softwares	140	160
Goodwill	46,303	46,303
	2,255,585	2,353,114

Note 18

Other Income - Net

This includes the impact of write back of liabilities amounting to Rs. 139 million (March 31, 2018: Rs. 501.06 million).

Note 19

Taxation

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

Note 20

Cash Generated from Operations

	Quarter ended March 31, 2019 (Un-audited)	Quarter ended March 31, 2018 (Un-audited)
	--------------(Rupees in '000)--------------	
Profit before taxation	41,798	138,036
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	216,154	161,239
- Amortization on intangible assets	97,529	98,221
- Amortization of long term trade receivable	(5,228)	(4,770)
- Amortization of right of use assets	12,573	-
- Reversal of Provision for loan and advances	(846)	-
- Liabilities no longer payable written back	(139,319)	(501,065)
- Gain on disposal of property, plant and equipment	-	(1,412)
- Unwinding of discounting	8,200	6,027
- Post employment benefits	16,139	14,487
- Exchange loss on foreign currency loan	4,800	14,700
- Exchange loss on foreign currency accrued markup	980	-
- Imputed interest on lease liability	11,811	-
- Finance cost	66,347	50,560
	289,140	(162,013)
Operating Profit/(loss) before working capital changes	330,938	(23,977)
(Increase) / decrease in current assets		
- Stores and spares	5,959	(2,362)
- Stock-in-trade	(637)	9,438
- Trade debts	(74,608)	(100,463)
- Loans and advances	15,601	(55,888)
- Deposits and prepayments	(4,492)	(5,588)
- Other receivables	(3,547)	3,441
Increase/(decrease) in current liabilities		
- Unearned revenue	11,210	(10,727)
- Trade and other payables	(238,388)	233,184
	(288,902)	71,035
Cash Generated from operations	42,036	47,058

Note 21

Transaction with Related Parties

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

Transactions during the Period with companies			Quarter ended March 31, 2019 (Un-audited)	Quarter ended March 31, 2018 (Un-audited)
			-------------(Rupees in '000)-------------	
Related party	**Relationship**	**Nature of transaction**		
Oman Telecommunication SAOG	Former Parent Company	Dividend on preference shares	-	8,936
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	175,596	167,900
		Funds repaid by the Company during the period	149,185	17,332
		Markup on long term borrowings	15,073	6,847
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	5,304	-
Key management personnel	Associated persons	Salaries and employees benefits	31,986	31,348
Ferret Consulting - F.Z.C	Associate	Dividend on CPS	-	81,729
		Current Account	71,950	-

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

Outstanding Balance as at the period/year end		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
		-------------(Rupees in '000)-------------	
Oman Telecommunication SAOG	Dividend on CPS	196,180	196,180
Worldcall Services (Private) Limited	Sponsor's loan	1,260,731	1,255,931
	Dividend on CPS	130,868	130,868
	Accrued markup	91,966	75,913
	Payable under current account	26,411	-
Ferret Consulting - F.Z.C	Dividend on CPS	606,303	606,303
	Current Account	211,050	139,100
AMB Management Consultants (Pvt.) Limited	Dividend on CPS	16,311	16,311
Worldcall Business Solutions (Private) Limited	Other receivables	32,515	27,211
Worldcall Cable (Private) Limited	Other receivables	1,240	1,240
Key management personnel	Payable against expenses, salaries and other employee benefits	89,753	89,805
	Long term loans	-	269
	Advance against expenses	13,652	12,455

Note 22
Financial Risk Management

22.1 Financial risk factors

The Group'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 consolidated interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group annual financial statements as at December 31, 2018.

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

22.2 Liquidity risk

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

22.3 Fair value estimation

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

	March 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	---------------'Rs. in '000---------------			
Financial Assets:				
Long term trade receivable	52,110	364,095	54,578	372,186
Financial Liabilities:				
Term finance certificates	1,580,445	1,891,342	1,583,763	1,905,886
Long term deposit	95,561	105,000	93,580	105,000
Sponsors' loan	1,018,578	1,643,437	1,255,931	1,638,637
	2,694,584	3,639,779	2,933,274	3,649,523

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

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

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

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

	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Assets				
Available-for-sale investments	39,414	-	-	39,414

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2018:

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

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group 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 23
Date of Authorization for Issue

These condensed consolidated interim financial statements (un-audited) were approved and authorized for issue on April 30, 2019 by the Board of Directors of the Company.

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