

# Quarterly Report

March 31, 2020

WorldCall Telecom Limited





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

**QUARTERLY REPORT 2020**





## VISION

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

## MISSION STATEMENT

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

Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.

Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.

Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

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



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## COMPANY INFORMATION

<b>Chairman</b>	Mr. Muhammad Shoaib
<b>Chief Executive Officer</b>	Mr. Babar Ali Syed
<b>Board of Directors</b>	Mr. Muhammad Shoaib (Chairman) Mr. Muhammad Azhar Saeed Mr. Faisal Ahmed Mr. Mubasher Lucman Mrs. Hina Babar Mr. Mansoor Ali Mr. Tariq Hasan
<b>Chief Financial Officer</b>	Mr. Muhammad Azhar Saeed, FCA
<b>Executive Committee</b>	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mr. Faisal Ahmed (Member) Mr. Muhammad Zaki Munawar (Secretary)
<b>Audit Committee</b>	Mr. Mubasher Lucman (Chairman) Mr. Faisal Ahmed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Ansar Iqbal Chauhan (Secretary)
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Muhammad Shoaib (Chairman) Mr. Babar Ali Syed (Member) Mr. Muhammad Azhar Saeed (Member) Mrs. Hina Babar (Member) Mr. Mansoor Ali (Member) Mr. Muhammad Zaki Munawar (Secretary)
<b>Chief Internal Auditor</b>	Mr. Ansar Iqbal Chauhan
<b>Company Secretary</b>	Mr. Muhammad Zaki Munawar, ACCA
<b>Auditors</b>	NASIR JAVAID MAQSOOD IMRAN Chartered Accountants
<b>Legal Advisers</b>	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant

**Bankers**

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
BankIslami (Pakistan) Limited  
MCB Bank Limited  
National Bank of Pakistan  
Pak Oman Investment Co. Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
Telenor Microfinance Bank Limited  
The Bank of Punjab  
United Bank Limited  
Silkbank Limited  
Meezan Bank Limited  
Mobilink Microfinance Bank Limited

**Registrar and Shares Transfer Office**

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

**Registered Office/Head Office**

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

**Webpage**

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



## DIRECTORS' REVIEW REPORT

The Board of Directors of Worldcall Telecom Limited ("Worldcall" or the "Company") is pleased to present its review report along with condensed interim standalone and consolidated financial information for the first quarter ended March 31, 2020.

### Economic Overview

Economic scale globally has tilted towards e-commerce and aggressive social media campaigns to back up your product (s) in light of Corona outbreak. Adherence to "Social Distancing" and stringent SOPs have forced both the organizations and entrepreneurs to revisit their economic strategies and revise their aggressive critical success factors to outright moderate. Corporate sector and industrial setups suddenly find themselves at the mercy of tyrannical "virtual" world of social media. Upon realization of its intrinsic value, companies are eager to invest heartily on advertising side of the business to ensure they are not missing out on massive opportunities that awaits them on these platforms.

### Financial Overview

#### Standalone Financial Statements

Summary of financial results for the first quarter ended March 31, 2020 are as follows:

Particulars	1st Quarter March 31,	1st Quarter March 31,
	2020	2019
Rs. in million		
Revenue-net	1,249	1,025
Direct Cost (excluding depreciation and Amortization)	(541)	(619)
Other Income	54	197
EBITDA	520	444
Depreciation and Amortization	(312)	(314)
Finance Cost	(150)	(86)
Profit/(Loss) after tax	39	120

During the period under review, the Company closed its financial results reporting Rs39 million as profit after tax. The company experienced an increase of Rs 224 million (22%) in its revenue as compared to first 3 months of last year indicating steady growth. LDI and the Broadband business stood out, contributing primarily to the topline as has been the case historically. The decrease in direct cost of 13% approx. is achieved through rationalization and adopting stringent control measures. Depreciation and amortization expense has witnessed minimal decline and resonates with comparative figure last year. Sizeable decrease recorded in other income compounded with aggravated finance cost may be construed as the key variables denominating to dip in Profit after tax.



Company has been addressing its financial obligations in a systematic manner wherein short term financing is being targeted for settlement (s) and financial institutions are persistently engaged as such to enter in restructuring arrangements with conditions mutually acceptable thereby achievement of balance sheet restructuring.

### **Consolidated Financial Statements**

Condensed interim consolidated financial statements comprise the financial results of WorldCall Telecom Limited (Parent Company) consolidated with Route 1 Digital (Private) Limited (Subsidiary Company). Route 1 Digital is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The Group acquired this subsidiary during the year ended December 31, 2018 for which control was obtained on April 20, 2018.

### **Earnings per Share**

The earnings per share of the Company on a consolidated as well as on standalone basis is Rupees 0.02 per share.

### **Future Outlook**

The Company is ready to take the digital world by storm upon launch of FTTH (Fiber to the Home) pilot project which is a reality any day now. Aligning ever increasing needs of potential consumers with unbelievable bandwidth capacities/ data bundles in conjunction with lowest conversion cost nationally, WorldCall envisages to stamp its authority once again as pioneer in providing seamless connectivity across Pakistan at an amazing price.

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

We cannot be more thankful of having employees working as one strategic unit towards attainment of collective goal and bettering their own past selves in the process. A shout-out to our dedicated staff/ shareholders and subscribers alike for always believing in us and making us grow stronger than ever.

**For and on behalf of the Board of Directors**

**Babar Ali Syed**

Chief Executive Officer

**Lahore, Pakistan**

October 09, 2020



## مجموعی مالیاتی بیانات

عمومی مستحکم مالی بیانات روٹ 1 ڈیجیٹل (پرائیوٹ) لمیٹڈ (ماتحت کینی) کے ساتھ مل کر ورلڈ کال ٹیلی کام لمیٹڈ (پبلک) کے مالی نتائج پر مشتمل ہیں۔ روٹ 1 ڈیجیٹل ایک پرائیوٹ لمیٹڈ کینی ہے جو 21 دسمبر، 2016 کو کمپینیز آرڈیننس، 1984 (جو کہ ایک کمپینیز ایکٹ، 2017 ہے) انکار پوریت ہوئی۔ اس کا بنیادی کاروبار تمام نقل و حمل کی خدمات، کسی دوسرے یا دوسروں کے ساتھ موٹر گاڑی کی نقل و حمل کا اشتراک، اور انفارمیشن ٹیکنالوجی کے میدان میں، سافٹ ویئر کی ترقی اور تمام سرگرمیوں کی مدد سے متعلق ہے۔ اس گروپ نے 31 دسمبر، 2018 کو ختم ہونے والے سال کے دوران اس ذیلی ادارہ کو حاصل کیا جس کے لئے 20 اپریل، 2018 کو کنٹرول حاصل کیا گیا تھا۔

## فی شیئر آمدنی

کینی نے انفرادی اور مجموعی طور پر فی شخص 0.02 روپے تخمینہ قرار دیا ہے۔

## مستقبل کا نظریہ

ایف ٹی ٹی ایچ (فابریکس ہوم) پائلٹ پروجیکٹ کے آغاز کے بعد کینی ڈیجیٹل دنیا میں داخل ہونے کو تیار ہے۔ جو کہ ایک حقیقت ہے۔ عالمی سطح پر سب سے کم لاگت کے ساتھ ناقابل یقین بینڈ ویڈتھ کی گنجائش / ڈیٹا ہنڈل کے ساتھ مکمل صارفین کی بڑھتی ہوئی ضرورتوں کے مطابق، ورلڈ کال نے ایک بار پھر حیرت انگیز قیمت پر پاکستان بھر میں ہموار رابطے کی فراہمی میں اپنے اختیارات پر مہر لگانے کا ارادہ کیا ہوا ہے۔

## کینی کا عملہ اور صارفین

ہم اس سے زیادہ شکر گزار نہیں ہو سکتے ہیں کہ ملازمین اجتماعی مقصد کے حصول کی سمت ایک اسٹریٹجک یونٹ کی حیثیت سے کوشاں ہیں اور اپنے حال کو ماضی سے بہتر بنانے کی طرف گامزن ہیں۔ بہتر سے بہتر میں ہمارے سرشار عملے/انحصار یونٹ اور صارفین کے مکمل اعتماد کا مرکزی کردار ہے اور ہم اسے بھر پور سراہتے ہیں۔

حکیم بورڈ آف ڈائریکٹرز

Balaram

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور

09 اکتوبر 2020



## ڈائریکٹرز کی جائزہ رپورٹ

ورلڈ کال ٹیلی کام لمیٹڈ ("ورلڈ کال" یا "کمپنی") کے بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی کے لئے اپنی جائزہ رپورٹ کے ساتھ عبوری اور مستحکم مالی بیانات کی معلومات پیش کرنے پر خوش ہیں۔

### معاشی جائزہ

اقتصادی بیانات پر کوئی نا پسندیدگی کی وجہ سے مصنوعات کا کاروبار یا کامرس اور سوشل میڈیا مہموں کی طرف جھکا ہوا ہے۔ سماجی دوری کی پابندی اور سخت ایس او بیزنس کا روبرو آنا فراڈ کو اپنی معاشی صحت عملی پر نظر ثانی کرنے اور اپنی جارحانہ تبدیلی کے مابین کے عوامل پر نظر ثانی کرنے پر مجبور کیا ہے۔ کارپوریٹ سیکٹر اور صنعتیں سوشل میڈیا کی سخت تنقید کے رحم و کرم پر ہیں۔ کمپنیاں کاروبار کیلئے اشتہارات کے ذریعے سرمایہ کاری کرنے کے خواہاں ہیں تاکہ ان کو یہ یقینی بنایا جاسکے کہ وہ ان بڑے پلینٹ فارمز پر منتقل کرنے والے بڑے مواقع سے محروم نہیں ہیں۔

### مالیاتی جائزہ۔ علیحدہ معاشی بیانات

31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے۔

Particulars	1st Quarter March 31, 2020	1st Quarter March 31, 2019
	Rs. in million	
Revenue-net	1,249	1,025
Direct Cost (excluding depreciation and Amortization)	(541)	(619)
Other Income	54	197
EBITDA	520	444
Depreciation and Amortization	(312)	(314)
Finance Cost	(150)	(86)
Profit/(Loss) after tax	39	120

زیر جائزہ مدت کے دوران، کمپنی نے ٹیکس کے بعد منافع کے طور پر 39 ملین روپے بتائے ہوئے اپنے مالی نتائج بند کر دیئے۔ پچھلے سال کے سہ ماہی کے مقابلے میں کمپنی کو اپنی آمدنی میں 224 ملین کے مقابلے میں (22 فیصد) کا اضافہ ہوا ہے جو مستحکم نمو کی نشاندہی کرتا ہے۔ تاریخی سطح پر اپریل آئی اور براؤنڈ ہینڈ کا کاروبار نمایاں طور پر سرفہرست رہا ہے۔ تقریباً 13 فیصد کی براہ راست لاگت میں اقدامات اٹانے کے ذریعے فرسودگی اور امتیازی اخراجات میں کم سے کم کمی دیکھنے میں آئی ہے جو ترقی ہوئی مالیات کی لاگت کے ساتھ ملحقہ دوسری آمدنی میں ریکارڈ کی جانے والی قابل قدر کمی کو کم کرنے کے طور پر سمجھا جاسکتا ہے جو کہ ٹیکس کے بعد منافع میں کمی لاتے ہیں۔

کمپنی اپنی مالی ذمہ داریوں کو ایک منظم انداز میں نبھاتی رہی ہے جس میں تھقیہ کیلئے قبلی مدتی فنانسنگ کا نشانہ بنایا جا رہا ہے اور مالیاتی ادارے مستقل طور پر مشغول ہیں تاکہ ایسی شرائط کے ساتھ تنظیم نو کے انتظامات کیے جائیں جس کے تحت بنیادیں شیڈ کی تنظیم نو کا حصول ممکن ہو۔



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	March 31,	December 31,
		2020	2019
		Un-audited	Audited
		------(Rupees in '000)-----	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	11,615,252	11,615,252
Preference share capital	6	2,114,651	2,114,651
Dividend on preference shares	7	772,136	772,136
Capital reserves		462,859	476,453
Accumulated loss		(13,091,817)	(13,186,813)
Surplus on revaluation of fixed assets		1,182,532	1,247,166
		3,055,613	3,038,845
<b>NON-CURRENT LIABILITIES</b>			
Term finance certificates	8	1,541,512	1,567,104
Long term financing	9	80,293	87,330
Sponsor's loan	10	1,482,731	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		216,083	210,796
Long term deposit		-	-
Lease liabilities	11	172,445	175,585
		4,514,564	4,478,954
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,838,827	6,093,671
Unearned revenue		83,294	55,810
Accrued mark up		204,405	136,847
Current and overdue portion of non-current liabilities		466,648	415,282
Short term borrowings	12	985,287	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		328,133	311,857
		7,908,401	7,949,320
<b>Contingencies and Commitments</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>15,478,578</u>	<u>15,467,119</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	6,413,327	6,584,882
Right of use assets	15	2,097,331	2,138,001
Intangible assets		1,819,106	1,916,615
Investment properties		48,800	48,800
Long term investment	16	50,000	50,000
Long term trade receivable		-	-
Deferred taxation		2,716,391	2,725,027
Long term loans		-	-
Long term deposits		16,910	16,910
		13,161,865	13,480,235
<b>CURRENT ASSETS</b>			
Stores and spares		38,564	40,592
Stock-in-trade		204,777	204,777
Trade debts		1,218,085	896,749
Loans and advances		170,693	189,469
Deposits and prepayments		505,854	502,996
Short term investments		24,985	38,579
Other receivables		79,009	73,639
Cash and bank balances		74,746	40,083
		2,316,713	1,986,884
<b>TOTAL ASSETS</b>		<u>15,478,578</u>	<u>15,467,119</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Note	Quarter ended March 31,	
		2020	2019
		(Un-audited)	(Un-audited)
		------(Rupees in '000)-----	
Revenue	17	1,249,240	1,025,287
Direct costs excluding depreciation and amortization		(541,047)	(618,877)
Operating costs		(133,971)	(159,810)
Other income - net		(54,228)	197,154
<b>Profit before Interest, Taxation, Depreciation and Amortization</b>		<b>519,994</b>	<b>443,754</b>
Depreciation and amortization		(312,221)	(313,504)
Finance cost		(149,969)	(86,352)
<b>Profit before Taxation</b>		<b>57,804</b>	<b>43,898</b>
Taxation		(18,805)	76,473
<b>Net Profit for the Period</b>		<b>38,999</b>	<b>120,371</b>
<b>Earnings per Share - basic (Rupees)</b>		<b>0.02</b>	<b>0.07</b>
<b>Earnings per Share - diluted (Rupees)</b>		<b>0.01</b>	<b>0.02</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2020**

	Quarter ended March 31,	
	2020	2019
	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----	
<b>Net Profit for the Period</b>	38,999	120,371
<b>Other comprehensive income:</b>		
Items that will not be reclassified to profit or loss:		
- Changes in fair value of financial assets through other comprehensive income - net of tax	(13,594)	1,299
Item that may be subsequently reclassified to profit or loss:	-	-
<b>Other Comprehensive (Loss) / Income - net of tax</b>	(13,594)	1,299
<b>Total Comprehensive Profit for the Period - net of tax</b>	<u>25,405</u>	<u>121,670</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2020**

	Quarter Ended March 31,		
	2020	2019	
	(Un-audited)	(Un-audited)	
Note	------(Rupees in '000)-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	18	24,946	42,069
Decrease / (Increase) in non-current assets:			
- Long term trade receivables		-	7,696
- Long term deposits		-	(50)
		-	7,646
		24,946	49,715
Post employment benefits paid		(6,925)	(307)
Finance cost paid		(2,571)	(29,509)
Income tax paid		(2,529)	(4,101)
<b>Net Cash Generated from/(Used in) Operating Activities</b>		12,921	15,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,485)	(44,884)
Dividend income		49	-
Investment in subsidiary		-	-
Income on deposit and savings accounts		261	-
Proceeds from disposal of property, plant and equipment		39	-
<b>Net Cash Used in Investing Activities</b>		(2,136)	(44,884)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(14,103)	(6,946)
Sponsor's loan		-	-
Short term borrowings - net		51,241	78,580
Repayment of lease liability		(13,260)	(9,727)
<b>Net Cash Generated from Financing Activities</b>		23,878	31,907
<b>Net Increase in Cash and Cash Equivalents</b>		34,663	2,821
Cash and cash equivalents at the beginning of the period		40,083	7,258
<b>Cash and Cash Equivalents at the End of the Period</b>		74,746	10,079

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED MARCH 31, 2020**

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
<b>Adjusted Balance as at December 31, 2018</b>	10,835,944	2,585,646	949,662	633,350	606,776	(13,483,920)	1,466,342	2,950,450	
(Rupees in 000)									
Net profit for the period	-	-	-	-	-	120,371	-	120,371	
Other comprehensive loss for the period - net of tax	-	-	-	-	1,299	1,299	-	1,299	
Total comprehensive income for the period - net of tax	-	-	-	-	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 and proportion of normal sales	-	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2019</b>	10,835,944	2,585,646	949,662	633,350	608,075	(13,318,176)	1,410,969	3,072,120	
Net profit for the period	-	-	-	-	-	(48,073)	-	(48,073)	
Other comprehensive loss for the period - net of tax	-	-	-	-	(835)	22,744	-	21,909	
Total comprehensive Loss for the period - net of tax	-	-	-	-	(835)	(25,329)	-	(26,164)	
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	156,692	(156,692)	-	
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	(7,111)	(7,111)	
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	(130,787)	(130,787)	-	-	5,749,012	
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	(5,749,012)	
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	(130,787)	(130,787)	-	-	-	
<b>Balance as at December 31, 2019</b>	11,615,252	2,114,651	772,136	502,763	476,453	(13,186,813)	1,247,166	3,038,845	
Net profit for the period	-	-	-	-	-	38,999	-	38,999	
Other comprehensive loss for the period - net of tax	-	-	-	-	(13,594)	-	-	(13,594)	
Total comprehensive income for the period - net of tax	-	-	-	-	(13,594)	38,999	-	25,405	
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	55,997	(55,997)	-	
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	(6,637)	(6,637)	
<b>Balance as at March 31, 2020</b>	11,615,252	2,114,651	772,136	502,763	462,859	(13,091,817)	1,182,532	3,055,613	

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

Note 1

### The Company and its Operations

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

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 39.98% (2019: 27.79%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.37% (2019: 47.75%)

Note 2

### Basis of Preparation

- 2.1 These condensed interim financial statements are the separate condensed financial statements of the Company in which investment in subsidiary is stated at cost. Condensed consolidated interim financial statements are prepared separately.
- 2.2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.3 These condensed interim financial statements are unaudited.
- 2.4 These condensed interim financial statements (un-audited) do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial statements since the last financial statements.
- 2.5 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended December 31, 2019. Comparative statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2019 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the quarter ended March 31, 2019 and are adjusted in line with restatement done on year ended December 31, 2019.
- 2.6 These condensed interim (un-audited) financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.
- 2.7 **Going concern assumption**
- 2.7.1 The Company has earned a profit after taxation of Rs. 38,999 million during the period ended March 31, 2020 ( March 2019: profit after taxation of Rs. 120,371 million) which includes the impact of write back of liabilities for Rs. Nil million (March 2019: Rs. 139,319 million). As at March 31, 2020, the accumulated loss of the Company stands at Rs. 13,091.817 million (December 31, 2019: Rs. 13,186.813 million) and its current liabilities exceed its current assets by Rs. 5,591.688 million (December 31, 2019: Rs. 5,962.44 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 13, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.



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

#### 2.7.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.591 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.7.2.1	985
Pakistan Telecommunication Authority (PTA)	2.7.2.2	2,363
Claims of Parties Challenged	2.7.2.3	884
Continuing business partners	2.7.2.4	276
Provision for taxation	2.7.2.5	328
		<b>4,836</b>

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

- 2.7.2.1** The management of the Company is in negotiation with banks for rollover of its running finance facilities amounting Rs. 442.212 Million and is confident that these will be rolled over on favorable terms with no immediate cash outflow. Moreover, it also include funds obtained from sponsor / related parties to the tune of Rs. 543.057 Million.
- 2.7.2.2** Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.3 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.
- 2.7.2.3** This amount represents the amounts owed to certain parties whose claims have been challenged by the Company in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Company's position, the management believes that such amounts may not be immediately payable under the circumstances.
- 2.7.2.4** The amount payable to creditors amounting Rs. 276.4 million represents routine trade credits extended by regular parties and these balances are of revolving nature. Thus, no immediate net cash outlay would be required.
- 2.7.2.5** The Company does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.
- 2.7.3 Continued Support from a Majority Shareholder**  
The Company's majority shareholder, Worldcall Services (Private) Limited (WSL) has given assurance to provide continued cash flow support to the Company through its letter to the Company's Board of Directors.

#### Note 3

##### Significant Accounting Policies

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

#### Note 4

##### Significant accounting Judgements and Estimates

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



Note 5

**Ordinary Share Capital**

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

- 5.1 During the period, Nil (December 31, 2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.
- 5.2 The terms of agreement between the Company and certain lenders impose certain restrictions on distribution of dividends by the Company.
- 5.3 Worldcall Services (Private) Limited, parent of the Company, holds 983,117,312 shares (December 31, 2019: 983,117,312 shares) representing 39.98% (December 31, 2019: 39.98%) shareholding in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 8).
- 5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 8,649,585 shares (December 31, 2019: 185,221,085 shares) representing 0.35% (December 31, 2019: 7.53%) shareholding in the Company.
- 5.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Company.

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

- 5.8 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.
- 5.9 During the last year, shareholders of the Company resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Company be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Company as the Board of Directors of the Company may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association are in process.



Note 6

**Preference Share Capital**

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

- 6.1 These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.
- 6.2 The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.
- 6.3 In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 7.2.
- 6.4 CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Company for ordinary shareholders, whichever is higher.
- 6.5 Worldcall Services (Private) Limited, parent of the Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.6 Ferret Consulting F.Z.C., an associate of the Company, holds 156,100 preference shares (December 31, 2019: 156,100 preference shares) in the Company.
- 6.7 AMB Management Consultants (Private) Limited, an associate of the Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.8 Mandatory date of conversion of CPS has expired during the year 2018 and the Company has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association. Thus, the Company is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations, 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.
- 6.9 During the last year, the preference shareholders in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 7

**Dividend on Preference Shares**

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

- 7.1 This represents accumulated dividend on preference shares which is not payable in cash rather it will be converted into ordinary shares as and when the preference shares are converted into ordinary shares.
- 7.2 During the period, cumulative preference dividend amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) was converted into ordinary shares as a result of conversion option exercised by certain preference shareholders in accordance with the terms and conditions given in Note 6.2 above.



Note 8

**Term Finance Certificates**

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
Opening balance		1,287,110	1,317,110
Less: Payments made during the period/year		-	(30,000)
		<u>1,287,110</u>	<u>1,287,110</u>
Less: Current and overdue portion		(230,076)	(200,076)
		<u>1,057,034</u>	<u>1,087,034</u>
Add: Deferred markup	8.1	484,478	480,070
		<u>1,541,512</u>	<u>1,567,104</u>

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (December 31, 2019: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 13.37% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

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

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

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

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019. The pledged shares have not been released in proportion to the payments made during the year.

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

These TFCs are secured against first pari passu charge over the Company's present and future fixed assets including equipment, plant and machinery, fixtures excluding land and building with 25% margin in addition to all rights, benefits, claims and interests procured by the Company under:

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

**8.1 Deferred markup**

Deferred markup	8.1.1	690,874	667,277
Adjustment due to impact of IFRS 9	8.1.2	(177,213)	(187,207)
Less: Current maturity of deferred markup		(29,183)	-
		<u>484,478</u>	<u>480,070</u>

**8.1.1 Reconciliation of deferred markup is as follows:**

Opening balance		667,277	588,776
Add: Markup deferred during the period/year		23,597	78,501
		<u>690,874</u>	<u>667,277</u>



		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
<b>8.1.2</b>	Reconciliation is as follows:		
	Opening balance	187,207	192,117
	Add: Discounting impact of deferred markup	5,701	28,667
		192,908	220,784
	Less: Unwinding impact of discounted deferred markup	(15,695)	(33,577)
Note 9		177,213	187,207

**Long Term Financing**

**From Banking Companies (secured)**

Allied Bank Limited	9.1	80,293	87,330
Askari Bank Limited	9.2	-	-
		80,293	87,330
		80,293	87,330
<b>9.1</b>	<b>Allied Bank Limited</b>		
	Opening balance	106,550	-
	Transfer from running finance	-	120,697
	Repayments	(5,660)	(14,147)
		100,890	106,550
	Less: Current and overdue portion	(32,490)	(28,550)
		68,400	78,000
	Add: Deferred markup	18,808	15,098
	Less: Discounting of deferred markup	(7,132)	(5,768)
	Add: Unwinding impact of discounted deferred markup	217	-
		11,893	9,330
		80,293	87,330

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

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

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
<b>9.2</b>	<b>Askari Bank Limited</b>		
	Opening balance	17,787	48,627
	Repayments	(8,443)	(30,840)
		9,344	17,787
	Less: Current and overdue portion	(9,344)	(17,787)
		-	-

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months



KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 15.49% to 15.49% (2019: 12.80% to 15.13%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 10

**Sponsor's Loan**

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
<b>Sponsor's Loan - unsecured</b>	Note		
- Interest bearing	10.1	500,250	466,050
- Non-interest bearing	10.2	982,481	950,589
		<u>1,482,731</u>	<u>1,416,639</u>
<b>10.1</b>	Opening balance	466,050	417,300
	Exchange loss	34,200	48,750
		<u>500,250</u>	<u>466,050</u>

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

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

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

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening balance	1,221,337	1,221,337
Transferred from current account	-	-
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	167,957	136,065
	<u>(238,856)</u>	<u>(270,748)</u>
	<u>982,481</u>	<u>950,589</u>

Note 11

**Lease Liabilities**

Opening balance	239,454	-
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Accrued lease rentals as at December 31, 2018	-	7,848
Add: Additions during the year	-	-
Add: Interest expense	6,806	29,626
Less: Lease payments	(13,260)	(48,867)
Gross liability	233,000	239,454
Less: Current and overdue portion	(60,555)	(63,869)
Closing balance	<u>172,445</u>	<u>175,585</u>

**11.1 Nature of leasing activities**

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

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

Note 12

**Short Term Borrowings**

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
<b>Banking companies (secured - interest bearing):</b>	Note	----- (Rupees in '000) -----	
- Running finances	12.1	442,230	442,212
<b>Related parties (unsecured - interest free):</b>			
- Ferret Consulting F.Z.C.	12.2	384,321	363,726
- Worldcall Services (Private) Limited	12.3	158,736	128,108
		985,287	934,046

**12.1** Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 442.239 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the period on outstanding balances ranged from 10.36% to 15.05% (2019: 12.04% to 16.36%) per annum, effectively.

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

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

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

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	-	98,793
Funds received during the period / year	37,028	367,332
Repayments during the period / year	(6,400)	(344,459)
Expenses charged to the Company	-	6,442
	158,736	128,108

**12.4 Letters of credit and guarantees**

Of the aggregate facilities of Rs. Nil million (2019: Rs. Nil million) for opening letters of credit and Rs. 485 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at March 31, 2020 was Nil (2019: Nil) and Rs. 347.161 million (2019: Rs. 339.138 million) respectively.

**12.5** The facilities in note 12.1 and 12.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Company, equitable mortgage over the property of office #302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.



Note 13

**Contingencies and Commitments****Contingencies**

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

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
<b>Guarantees and Letter of Credits</b>		
Outstanding guarantees and letters of credit	347,161	339,138

**Commitments**

Commitments in respect of capital expenditure

	137,382	273,031
--	---------	---------

Note 14

**Property, Plant and Equipment**

		March 31, 2020	December 31, 2019
	Note	(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
Operating fixed assets	14.1	6,343,301	6,516,313
Capital work-in-progress		70,026	68,569
		6,413,327	6,584,882
<b>14.1 Operating fixed assets</b>			
Opening book value		6,516,313	7,217,963
Additions during the period / year	14.1.1	1,028	76,704
		6,517,341	7,294,667
Disposals / settlement (at book value) for the period / year	14.1.2	-	(45,021)
Depreciation charged during the period / year		(174,040)	(733,333)
Closing book value		6,343,301	6,516,313
<b>14.1.1 Detail of additions</b>			
Leasehold improvements		-	3,347
Plant and equipment		837	71,055
Office equipment		58	465
Furniture and fixtures		-	1,046
Computers		133	791
		1,028	76,704
		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
<b>14.1.2 Book values of assets disposed off</b>			
Leasehold improvements		-	3,901
Plant and equipment		-	39,009
Office Equipment		-	1,183
Computers		-	55
Furniture and fixtures		-	687
Laboratory and other equipment		-	186
		-	45,021
Note 15			
<b>Right of use assets</b>			
Opening balance		2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019		-	250,847
Add: Prepaid lease rentals as at December 31, 2018		-	3,493
Add: Additions during the year		-	1,012,725
Less: Depreciation charge for the period / year		(40,670)	(130,810)
<b>Closing balance</b>		2,097,331	2,138,001
Lease Term (Years)		2 to 14	2 to 14

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



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

Note 16

**Long Term Investment**

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

**Wholly owned subsidiary Company - at cost [unquoted]**

Route 1 Digital (Private) Limited

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

Rs. 100 each, equity held 100% (December 31, 2019: 100%)

50,000

50,000

16.1 The Company has acquired 100% shares of Route 1 Digital (Private) Limited during 2018. The principal place of business of Route 1 Digital (Private) Limited is situated at 2nd Floor 300-Y Block Phase III Defence Housing Authority Lahore, Pakistan. This investment in subsidiary is stated at cost.

Note 17

**Revenue**

		Quarter Ended March 31,	
		2020	2019
		(Un-audited)	(Un-audited)
	Note	------(Rupees in '000)-----	
Telecom	17.1	1,136,840	513,077
Broadband		128,001	524,622
Other		1,080	6,814
Gross revenue		1,265,921	1,044,513
Less: Sales tax		(12,268)	(12,770)
Less: Discount		(4,413)	(6,456)
		<u>1,249,240</u>	<u>1,025,287</u>

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

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

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



Note 18

**Cash Used in Operations**

	Quarter Ended March 31,	
	2020	2019
	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	57,804	43,898
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	174,040	215,995
- Amortization on intangible assets	97,509	97,509
- Amortization of right of use assets	40,670	12,573
- Loss / (Gain) on disposal of property, plant and equipment	(39)	-
- Unclaimed liabilities written back during the year	-	(139,319)
- Reversal of provision for advance to suppliers	-	(846)
- Post employment benefits	12,212	16,139
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(7,065)	(5,228)
- Income on deposits, advances and savings accounts	(261)	-
- Exchange loss on foreign currency loan	34,200	4,800
- Exchange loss on foreign currency accrued markup	4,056	980
- Exchange (gain)/loss on foreign currency balances - net	23,386	-
- Unwinding impact of liabilities under IFRS 9	49,783	8,200
- Imputed interest on lease liability	6,806	11,811
- Finance cost	93,380	66,341
	<u>528,628</u>	<u>288,955</u>
<b>Operating profit before working capital changes</b>	<b>586,432</b>	<b>332,853</b>
(Increase) / decrease in current assets		
- Stores and spares	2,028	5,959
- Stock-in-trade	-	(637)
- Trade debts	(245,035)	(74,607)
- Loans and advances	18,776	15,595
- Deposits and prepayments	(2,858)	(4,492)
- Other receivables	(5,370)	(5,230)
Increase / (decrease) in current liabilities		
- Unearned revenue	27,484	11,210
- Trade and other payables	(356,511)	(238,582)
	<u>(561,486)</u>	<u>(290,784)</u>
<b>Cash generated from operations</b>	<b>24,946</b>	<b>42,069</b>

Note 19

**Transaction with Related Parties**

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


**Transactions during the period with local companies**

Related party	Relationship	Nature of transaction	Quarter Ended March 31,	
			2020	2019
			(Un-audited)	(Un-audited)
----- (Rupees in '000) -----				
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	37,028	175,596
		Funds repaid by the Company during the period	6,400	149,185
		Settlement with multimedia	-	-
		Markup on long term borrowings	22,814	15,073
		Exchange loss on markup	4,056	980
		Markup paid during the period	-	-
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary	Expenses borne on behalf of subsidiary	463	1,684
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	4,326	5,304

Related party	Relationship	Nature of transaction	Quarter Ended March 31,	
			2020	2019
			(Un-audited)	(Un-audited)
----- (Rupees in '000) -----				
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	-
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	29,332	31,986

**Transactions during the period with foreign companies**

Related party	Relationship	Nature of transaction		
Ferret Consulting - F.Z.C	Associate	Net funds received by the Company during the period	-	69,085
		Exchange loss	20,595	2,865

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

Outstanding Balance as at the period/year end		March 31,	December 31,
		2020	2019
		(Un-audited)	(Audited)
----- (Rupees in '000) -----			

Worldcall Services (Private) Limited	Sponsor's loan	1,482,731	1,416,639
	Accrued markup	32,155	5,285
	Short term borrowings	158,736	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	384,321	363,726
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	50,000
Worldcall Business Solutions (Private) Limited	Other receivables	14,090	13,627
	Other receivables	57,287	52,961
ACME Telecom (Private) Limited	Other receivables	30	30
Worldcall Ride Hail (Private) Limited	Other receivables	16	16
Worldcall Cable (Private) Limited	Other receivables	2,110	2,110
Key management	Payable against expenses, salaries and other employee benefits	143,476	88,117
	Advance against expenses	14,291	15,312



Note 20

**Financial Risk Management****20.1 Financial risk factors**

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

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

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

**20.2 Fair value estimation**

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

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at March 31, 2020:

	Level 1	Level 2	Level 3	Total
Rupees in '000				
<b>Assets</b>				
Short-term investments	24,985	-	-	24,985

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

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

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

Note 21

**Segment Information**

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

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

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

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



Note 22

**Impact of Covid 19 on the financial statements**

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

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

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

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

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

Note 23

**Date of Authorization for Issue**

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

Note 24

**Corresponding Figures**

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Corresponding figures have been re-arranged / reclassified, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



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

**QUARTERLY REPORT 2020**





## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

		March 31, 2020	December 31, 2019
		Un-audited	Audited
	Note	----- (Rupees in '000) -----	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	11,615,252	11,615,252
Preference share capital	6	2,114,651	2,114,651
Dividend on preference shares	7	772,136	772,136
Capital reserves		462,859	476,453
Accumulated loss		(13,107,454)	(13,201,560)
Surplus on revaluation of fixed assets		1,182,532	1,247,166
		3,039,976	3,024,098
<b>NON-CURRENT LIABILITIES</b>			
Term finance certificates	8	1,541,512	1,567,104
Long term financing	9	80,293	87,330
Sponsor's loan	10	1,482,731	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		216,083	210,796
Lease liabilities	11	172,445	175,585
		4,514,564	4,478,954
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,839,979	6,094,672
Unearned revenue		83,294	55,810
Accrued mark up		204,405	136,847
Current and overdue portion of non-current liabilities		466,648	415,282
Short term borrowings	12	985,287	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		328,101	311,825
		7,909,521	7,950,289
<b>Contingencies and Commitments</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>15,464,061</u>	<u>15,453,341</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	6,416,284	6,587,998
Right of use assets	15	2,097,331	2,138,001
Intangible assets		1,865,469	1,962,998
Investment properties		48,800	48,800
Deferred taxation		2,716,391	2,725,027
Long term deposits		16,910	16,910
		13,161,185	13,479,734
<b>CURRENT ASSETS</b>			
Stores and spares		38,564	40,592
Stock-in-trade		204,777	204,777
Trade debts		1,218,284	896,948
Loans and advances		170,730	189,603
Deposits and prepayments		505,854	502,996
Short term investments		24,985	38,579
Other receivables		64,919	60,012
Cash and bank balances		74,763	40,100
		2,302,876	1,973,607
<b>TOTAL ASSETS</b>		<u>15,464,061</u>	<u>15,453,341</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2020**

	Note	Quarter ended March 31,	
		2020	2019
		------(Rupees in '000)-----	
Revenue	16	1,249,240	1,025,290
Direct costs excluding depreciation and amortization		(541,208)	(618,986)
Operating costs		(134,521)	(161,619)
Other income - net		(54,228)	197,154
<b>Profit before Interest, Taxation, Depreciation and Amortization</b>		<b>519,283</b>	<b>441,839</b>
Depreciation and amortization		(312,400)	(313,683)
Finance cost		(149,969)	(86,358)
<b>Profit before Taxation</b>		<b>56,914</b>	<b>41,798</b>
Taxation		(18,805)	76,473
<b>Net Profit for the Period</b>		<b>38,109</b>	<b>118,271</b>
<b>Earnings per Share - basic (Rupees)</b>		<b>0.02</b>	<b>0.07</b>
<b>Earnings per Share - diluted (Rupees)</b>		<b>0.01</b>	<b>0.02</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Quarter ended March 31,	
	2020	2019
	----- (Rupees in '000) -----	
<b>Net Profit for the Period</b>	38,109	118,271
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Changes in fair value of financial assets through other comprehensive income - net of tax	(13,594)	1,299
<i>Item that may be subsequently reclassified to profit or loss:</i>	-	-
<b>Other Comprehensive Loss - net of tax</b>	(13,594)	1,299
<b>Total Comprehensive Profit for the Period - net of tax</b>	<u>24,515</u>	<u>119,570</u>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED MARCH 31, 2020**

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,501,857)	1,466,342	2,942,513
(Rupees in '000)									
<b>Balance as at December 31, 2018</b>	-	-	-	-	-	-	118,271	-	118,271
Net profit for the period	-	-	-	1,299	-	1,299	-	-	1,299
Other comprehensive loss for the period - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period - net of tax	-	-	-	1,299	-	1,299	-	-	1,299
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	107,897	(107,897)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(6,762)	(6,762)
<b>Balance as at March 31, 2019</b>	10,835,944	2,585,646	949,662	(25,475)	633,550	606,075	(13,275,689)	1,351,683	3,055,321
Net profit for the period	-	-	-	(835)	-	(835)	(52,783)	-	(52,783)
Other comprehensive loss for the period - net of tax	-	-	-	-	-	-	22,744	-	21,909
Total comprehensive loss for the period - net of tax	-	-	-	(835)	-	(835)	(30,039)	-	(30,874)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	104,168	(104,168)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(349)	(349)
Conversion of preference shares and dividend thereon	6,528,320	(470,995)	(177,526)	-	(130,767)	(130,767)	-	-	5,748,012
Discount on issuance of ordinary shares	(5,749,012)	-	-	-	-	-	-	-	(5,749,012)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,767)	(130,767)	-	-	-
<b>Balance as at December 31, 2019</b>	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,201,580)	1,247,166	3,024,096
Net profit for the period	-	-	-	(13,594)	-	-	38,109	-	38,109
Other comprehensive loss for the period - net of tax	-	-	-	-	-	(13,594)	-	-	(13,594)
Total comprehensive income for the period - net of tax	-	-	-	(13,594)	-	(13,594)	38,109	-	24,515
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	55,997	(55,997)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(6,637)	(6,637)
<b>Balance as at March 31, 2020</b>	11,615,252	2,114,651	772,136	(39,904)	502,763	462,859	(13,107,454)	1,182,532	3,039,976

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

*Balaraman*  
Chief Executive Officer

*Nithin*  
Director

*Prasanna*  
Chief Financial Officer



## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

	Quarter Ended March 31,		
	2020	2019	
	(Un-audited)	(Un-audited)	
Note	(Rupees in '000)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	24,946	42,036
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term trade receivables	-	7,696	
- Long term deposits	-	(50)	
	-	7,646	
	24,946	49,682	
Post employment benefits paid	(6,925)	(307)	
Finance cost paid	(2,571)	(29,515)	
Income tax paid	(2,529)	(4,103)	
<b>Net Cash Generated from Operating Activities</b>	<b>12,921</b>	<b>15,757</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(2,485)	(44,884)	
Dividend income	49	-	
Income on deposit and savings accounts	261	-	
Proceeds from disposal of property, plant and equipment	39	-	
<b>Net Cash Used in Investing Activities</b>	<b>(2,136)</b>	<b>(44,884)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term finance certificates	-	(30,000)	
Repayment of long term financing	(14,103)	(6,946)	
Short term borrowings - net	51,241	78,580	
Repayment of lease liability	(13,260)	(9,727)	
<b>Net Cash Generated from Financing Activities</b>	<b>23,878</b>	<b>31,907</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	<b>34,663</b>	<b>2,780</b>	
Cash and cash equivalents at the beginning of the period	40,100	7,360	
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>74,763</b>	<b>10,140</b>	

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



## NOTES OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2020

Note 1

### The Company and its Operations

The Group is structured as follows:

Worldcall Telecom Limited is the Parent Company (refer to note 1.1)

- Route 1 Digital (Private) Limited is the subsidiary (refer to note 1.2). The subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the subsidiary.
- 1.1 Worldcall Telecom Limited ("the Parent Company") is a public limited Company incorporated in Pakistan on March 15, 2001 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The Company commenced its operations on December 01, 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan; re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals; interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Company is domiciled in Pakistan and its registered office cum principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.
- Worldcall Services (Pvt.) Limited (the "Holding Company"), incorporated in Pakistan, owns 39.98% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.37% (2019: 47.75%)
- 1.2 Route 1 Digital (Private) Limited (the subsidiary) is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group obtained control on April 20, 2018.

Note 2

### Basis of Preparation

- 2.1 These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements are unaudited.
- 2.3 These condensed interim consolidated financial statements (un-audited) do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial statements since the last financial statements.
- 2.4 These condensed interim consolidated financial statements (un-audited) should be read in conjunction with annual audited consolidated financial statements for the year ended December 31, 2019. Comparative statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2019 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim consolidated financial statements for the quarter ended March 31, 2019 and are adjusted in line with restatement done on year ended December 31, 2019.



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

#### 2.6 Going concern assumption

2.6.1 The Group has earned a profit after taxation of Rs. 38.109 million during the period ended March 31, 2020 ( March 2019: profit after taxation of Rs. 118.271 million) which includes the impact of write back of liabilities for Rs. Nil million (March 2019: Rs. 139.32 million). As at March 31, 2020, the accumulated loss of the Group stands at Rs. 13,107.454 million (December 31, 2019: Rs. 13,201.560 million) and its current liabilities exceed its current assets by Rs. 5,606.645 million (December 31, 2019: Rs. 5,976.68 million). These conditions, along with the other factors like declining revenue and contingencies and commitments as mentioned in note 13, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

#### 2.6.2 Net Liabilities Position - Risk Mitigation

As mentioned above, there is a net current liability position of approximately Rs. 5.606 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.7.2.1	985
Pakistan Telecommunication Authority (PTA)	2.7.2.2	2,363
Claims of Parties Challenged	2.7.2.3	884
Continuing business partners	2.7.2.4	276
Provision for taxation	2.7.2.5	328
		<u>4,836</u>

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

- 2.6.2.1 The management of the Group is in negotiation with banks for rollover of its running finance facilities amounting Rs. 442.212 Million and is confident that these will be rolled over on favorable terms with no immediate cash outflow. Moreover, it also include funds obtained from sponsor / related parties to the tune of Rs. 543.057 Million.
- 2.6.2.2 Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.3 billion which are not immediately payable owing to non-fulfillment of certain conditions relating to the demand of such amounts. These conditions relate to the industry circumstances and Court Orders.
- 2.6.2.3 This amount represents the amounts owed to certain parties whose claims have been challenged by the Group in various judicial forums for the breach and non-performance of their contractual obligations. Based on the merits of Group's position, the management believes that such amounts may not be immediately payable under the circumstances.
- 2.6.2.4 The amount payable to creditors amounting Rs. 276 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.
- 2.6.2.5 The Group does not anticipate cash outlays on account of Provision for Taxation, since it has sufficient brought forward losses.
- 2.6.3 **Continued Support from a Majority Shareholder**

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

#### Note 3

#### Significant Accounting Policies

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



## Note 4

**Significant accounting Judgements and Estimates**

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

## Note 5

**Ordinary Share Capital**

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

- 5.1 During the period, Nil (December 31, 2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.
- 5.2 The terms of agreement between the Parent Company and certain lenders impose certain restrictions on distribution of dividends by the Company.
- 5.3 Worldcall Services (Private) Limited, the Holding Company, holds 983,117,312 shares (December 31, 2019: 983,117,312 shares) representing 39.98% (December 31, 2019: 39.98%) shareholding in the Group. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 8).
- 5.4 Ferret Consulting F.Z.C., an associate of the Group, holds 8,649,585 shares (December 31, 2019: 185,221,085 shares) representing 0.35% (December 31, 2019: 7.53%) shareholding in the Group.
- 5.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Group.



	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>5.6</b> Reconciliation of discount on issue of shares is as follows:		
Opening balance	12,972,288	7,223,276
Add: Discount on issuance of ordinary shares during the period / year	-	5,749,012
Closing balance	<u>12,972,288</u>	<u>12,972,288</u>
<b>5.7</b> Reconciliation of ordinary share capital is as follows:		
Opening balance	24,587,540	18,059,220
Add: Shares issued during the period / year	-	6,528,320
Closing balance	<u>24,587,540</u>	<u>24,587,540</u>
<b>5.8</b> All ordinary shares rank equally with regard to residual assets of the Group. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Group. Voting and other rights are in proportion to the shareholding.		
<b>5.9</b> During the last year, shareholders of the Parent Company resolved in annual general meeting held on April 30, 2019 that the authorized capital of the Parent Company be increased from Rs. 21 billion to Rs. 29 billion divided into 2.9 billion ordinary shares of Rs. 10 which may be utilized to issue ordinary shares of Rs. 10 each and / or preference shares of Rs. 10 each of the Parent Company as the Board of Directors of the Parent Company may decide from time to time in accordance with the Companies Act, 2017. Regulatory requirements as to the alteration of Memorandum and Articles of Association are in process.		

**Note 6**
**Preference Share Capital**

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

- 6.1** These preference shares are US Dollars denominated, non-voting, cumulative and convertible preference shares ("CPS", or "preference shares") having a face value of USD 100 each.
- 6.2** The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but not later than the 5th anniversary. On 5th anniversary, CPS will be mandatorily converted into ordinary voting common shares. CPS shall be converted at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.
- 6.3** In accordance with the terms detailed in Note 6.2 above, certain preference shareholders have exercised conversion option. Thus, their CPS and accrued preference dividend thereon have been converted into ordinary shares as reflected in Note 5.1 and Note 7.2.
- 6.4** CPS holders are entitled to non-cash dividend which shall be calculated @ 5.9% per annum on each of the preference shares or the dividend declared by the Group for ordinary shareholders, whichever is higher.
- 6.5** Worldcall Services (Private) Limited, the Holding Company, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.
- 6.6** Ferret Consulting F.Z.C., an associate of the Group, holds 156,100 preference shares (December 31, 2019: 156,100 preference shares) in the Company.
- 6.7** AMB Management Consultants (Private) Limited, an associate of the Group, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Parent Company.
- 6.8** Mandatory date of conversion of CPS has expired during the year 2018 and the Group has failed to redeem the un-converted preference shares in a timely fashion as required by its Articles of Association. Thus, the Group is in default of Regulation 12 of the Companies (Further Issue of Shares) Regulations, 2018. According to these Regulations, a listed Company that fails to, completely or partially, fulfill or comply with any of the relevant terms and conditions of preference shares is considered to be in an event of default.



- 6.9 During the last year, the preference shareholders in an Extraordinary General Meeting held on January 4, 2019 and ordinary shareholders in annual general meeting held on April 30, 2019 have given their assent for the conversion of preference shares at nominal value of Rs. 10 each and for amendments in the Memorandum and Articles of Association of the Parent Company. Resultantly, preference shares along with dividend accrued thereon shall be converted on any date from the mandatory conversion date, at par value of Rs. 10 each. However, the shares for which notices have been received before mandatory conversion date would be converted on the terms prevalent on the date of notice.

Note 7

**Dividend on Preference Shares**

	March 31, 2020	December 31, 2019	
	(Un-audited)	(Audited)	
Note	------(Rupees in '000)-----		
Dividends on preference shares	7.1	772,136	772,136

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

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

Note 8

**Term Finance Certificates**

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
Note	------(Rupees in '000)-----	
Opening balance	1,287,110	1,317,110
Less: Payments made during the period/year	-	(30,000)
	1,287,110	1,287,110
Less: Current and overdue portion	(230,076)	(200,076)
	1,057,034	1,087,034
Add: Deferred markup	484,478	480,070
	1,541,512	1,567,104

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six months average KIBOR plus 1.0% per annum (December 31, 2019: six month average KIBOR plus 1.0% per annum), payable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 13.37% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

IGI Holding Limited (previously IGI Investment Bank Limited) is the Trustee (herein referred to as the Trustee) under the Trust Deed the liability of these TFCs has been rescheduled in December 2012 and then on April 03, 2015. During the year 2018, third rescheduling of these TFCs was successfully executed through signing of the Third Supplemental Trust Deed between the Trustees and the Group.

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

The other main terms included appointment of one representative as a nominee director nominated by the Trustee which has been complied with. Further, 175 million sponsor's shares are pledged for investors which will be released with quarterly scheduled principal repayments proportionately starting from June 2019. The pledged shares have not been released in proportion to the payments made during the year.

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

These TFCs are secured against first pari passu charge over the Parent Company's present and future fixed assets including equipment, plant and machinery, fixtures excluding land and building with 25% margin in addition to all rights, benefits, claims and interests procured by the Company under:

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



		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
Note		------(Rupees in '000)-----	
<b>8.1</b>	<b>Deferred markup</b>		
	Deferred markup	8.1.1 690,874	667,277
	Adjustment due to impact of IFRS 9	8.1.2 (177,213)	(187,207)
	Less: Current maturity of deferred markup	(29,183)	-
		<u>484,478</u>	<u>480,070</u>
<b>8.1.1</b>	Reconciliation of deferred markup is as follows:		
	Opening balance	667,277	588,776
	Add: Markup deferred during the period/year	23,597	78,501
		<u>690,874</u>	<u>667,277</u>
<b>8.1.2</b>	Reconciliation is as follows:		
	Opening balance	187,207	192,117
	Add: Discounting impact of deferred markup	5,701	28,667
		192,908	220,784
	Less: Unwinding impact of discounted deferred markup	(15,695)	(33,577)
		177,213	187,207

Note 9

#### Long Term Financing

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
Note		------(Rupees in '000)-----	
	<b>From Banking Companies (secured)</b>		
	Allied Bank Limited	9.1 80,293	87,330
	Askari Bank Limited	9.2 -	-
		80,293	87,330
		<u>80,293</u>	<u>87,330</u>
<b>9.1</b>	<b>Allied Bank Limited</b>		
	Opening balance	106,550	-
	Transfer from running finance	-	120,697
	Repayments	(5,660)	(14,147)
		100,890	106,550
	Less: Current and overdue portion	(32,490)	(28,550)
		68,400	78,000
	Add: Deferred markup	18,808	15,098
	Less: Discounting of deferred markup	(7,132)	(5,768)
	Add: Unwinding impact of discounted deferred markup	217	-
		11,893	9,330
		<u>80,293</u>	<u>87,330</u>

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

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



		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
<b>9.2 Askari Bank Limited</b>	Note	------(Rupees in '000)-----	
Opening balance		17,787	48,627
Repayments		(8,443)	(30,840)
		9,344	17,787
Less: Current and overdue portion		(9,344)	(17,787)
		-	-

This represents liability created by the bank due to encashment of performance guarantee issued in favor of Universal Service Fund (USF). The tenor of the loan is 3 years and is repayable by April 01, 2020. It carries mark up at 6 months KIBOR plus 2% per annum. The mark up charged during the period on the outstanding balance ranged from 15.49% to 15.49% (2019: 12.80% to 15.13%) per annum. The loan is secured through joint collateral comprising first joint pari passu hypothecation charge of Rs. 1.26 billion over all present and future fixed and current assets of the Parent Company with 25% margin, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables.

Note 10

<b>Sponsor's Loan</b>		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
	Note	------(Rupees in '000)-----	
<b>Sponsor's Loan - unsecured</b>			
- Interest bearing	10.1	500,250	466,050
- Non-interest bearing	10.2	982,481	950,589
		1,482,731	1,416,639
<b>10.1</b>	Opening balance	466,050	417,300
	Exchange loss	34,200	48,750
		500,250	466,050

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

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

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

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening balance	1,221,337	1,221,337
Transferred from current account	-	-
Amount of loan	1,221,337	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	167,957	136,065
	(238,856)	(270,748)
	982,481	950,589



## Note 11

**Lease Liabilities**

	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Opening balance	239,454	-
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Accrued lease rentals as at December 31, 2018	-	7,848
Add: Additions during the year	-	-
Add: Interest expense	6,806	29,626
Less: Lease payments	(13,260)	(48,867)
Gross liability	233,000	239,454
Less: Current and overdue portion	(60,555)	(63,869)
Closing balance	172,445	175,585

**11.1 Nature of leasing activities**

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

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

## Note 12

**Short Term Borrowings**

		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
<b>Banking companies (secured - interest bearing):</b>	Note		
- Running finances	12.1	442,230	442,212
<b>Related parties (unsecured - interest free):</b>			
- Ferret Consulting F.Z.C.	12.2	384,321	363,726
- Worldcall Services (Private) Limited	12.3	158,736	128,108
		985,287	934,046

**12.1** Short term running finance facilities available from commercial banks under mark up arrangements amount to Rs. 442.239 million (2019: Rs. 464.075 million). Running finance facilities are available at mark up rate of KIBOR plus 1.5% to 2.5% per annum (2019: KIBOR plus 1.5% to 2.5% per annum), payable quarterly, on the balance outstanding. The mark up charged during the period on outstanding balances ranged from 10.36% to 15.05% (2019: 12.04% to 16.36%) per annum, effectively.

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

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

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



	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	-	98,793
Funds received during the year	37,028	367,332
Repayments during the year	(6,400)	(344,459)
Expenses charged to the Company	-	6,442
	<u>158,736</u>	<u>128,108</u>

#### 12.4 Letters of credit and guarantees

Of the aggregate facilities of Rs. Nil million (2019: Rs. Nil million) for opening letters of credit and Rs. 485 million (2019: Rs. 568.126 million) for guarantees, the amount utilized as at March 31, 2020 was Nil (2019: Nil) and Rs. 347.161 million (2019: Rs. 339.138 million) respectively.

- 12.5 The facilities in note 12.1 and 12.4 are secured against first pari passu hypothecation charge on all present and future current and fixed assets excluding building, WLL/LDI receivables, first joint pari passu hypothecation charge over all present and future current and fixed assets of the Parent Company with security margin over the facility amount, pledge of shares of listed companies in CDC account of the Parent Company, lien over cash deposit of Rs. 3.9 million, first exclusive assignment of all present and future receivables of LDI business arm of the Parent Company, collection accounts with Bank for routing of LDI receivables, counter guarantee of the Parent Company, equitable mortgage over the property of office # 302, 303, 304, 3rd Floor, the Plaza on Plot # G-7, Block-9, KDA Scheme # 5, Kehkashan Clifton, Karachi and equitable mortgage over the property of office # 07, 08, 09 situated on 1st Floor, Ali Tower, MM Alam Road, Gulberg III.

Note 13

#### Contingencies and Commitments

##### Contingencies

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

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
<b>Guarantees and Letter of Credits</b>		
Outstanding guarantees and letters of credit	<u>347,161</u>	<u>339,138</u>
<b>Commitments</b>		
Commitments in respect of capital expenditure	<u>137,382</u>	<u>273,031</u>

Note 14

#### Property, Plant and Equipment

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----	
Operating fixed assets	6,346,258	6,519,429
Capital work-in-progress	70,026	68,569
	<u>6,416,284</u>	<u>6,587,998</u>
<b>14.1 Operating fixed assets</b>		
Opening book value	6,519,429	7,221,715
Additions during the period / year	14.1.1 1,028	76,704
	6,520,457	7,298,419
Disposals / settlement (at book value) for the period / year	14.1.2 -	(45,021)
Depreciation charged during the period / year	(174,199)	(733,969)
Closing book value	<u>6,346,258</u>	<u>6,519,429</u>



	March 31, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
<b>14.1.1 Detail of additions</b>		
Leasehold improvements	-	3,347
Plant and equipment	837	71,055
Office equipment	58	465
Furniture and fixtures	-	1,046
Computers	133	791
	<u>1,028</u>	<u>76,704</u>

	-	3,901
<b>14.1.2 Book values of assets disposed off</b>		
Leasehold improvements	-	3,901
Plant and equipment	-	39,009
Office Equipment	-	1,183
Computers	-	55
Furniture and fixtures	-	687
Laboratory and other equipment	-	186
	<u>-</u>	<u>45,021</u>

Note 15

**Right of use assets**

Opening balance	2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Prepaid lease rentals as at December 31, 2018	-	3,493
Add: Additions during the year	-	1,012,725
Less: Depreciation charge for the year	(40,670)	(130,810)
<b>Closing balance</b>	<u>2,097,331</u>	<u>2,138,001</u>
Lease Term (Years)	<u><b>2 to 14</b></u>	<u><b>2 to 14</b></u>

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

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

Note 16

**Revenue**

	Quarter Ended March 31,	
	2020	2019
	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----	
Telecom	1,136,840	513,077
Broadband	128,001	524,622
Other	1,080	6,817
Gross revenue	1,265,921	1,044,516
Less: Sales tax	(12,268)	(12,770)
Less: Discount	(4,413)	(6,456)
	<u>1,249,240</u>	<u>1,025,290</u>

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

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



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

Note 17

#### Cash Used in Operations

	Quarter Ended March 31,	
	2020	2019
	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	56,914	41,798
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	174,199	216,154
- Amortization on intangible assets	97,529	97,529
- Amortization of right of use assets	40,670	12,573
- Loss / (Gain) on disposal of property, plant and equipment	(39)	-
- Unclaimed liabilities written back during the year	-	(139,319)
- Reversal of provision for advance to suppliers	-	(846)
- Post employment benefits	12,212	16,139
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(7,065)	(5,228)
- Income on deposits, advances and savings accounts	(261)	-
- Exchange loss on foreign currency loan	34,200	4,800
- Exchange loss on foreign currency accrued markup	4,056	980
- Exchange (gain)/loss on foreign currency balances - net	23,386	-
- Unwinding impact of liabilities under IFRS 9	49,783	8,200
- Imputed interest on lease liability	6,806	11,811
- Finance cost	93,380	66,347
	<u>528,807</u>	<u>289,140</u>
<b>Operating profit before working capital changes</b>	<b>585,721</b>	<b>330,938</b>
(Increase) / decrease in current assets		
- Stores and spares	2,028	5,959
- Stock-in-trade	-	(637)
- Trade debts	(245,035)	(74,608)
- Loans and advances	18,873	15,601
- Deposits and prepayments	(2,858)	(4,492)
- Other receivables	(4,907)	(3,547)
Increase / (decrease) in current liabilities		
- Unearned revenue	27,484	11,210
- Trade and other payables	(356,360)	(238,388)
	<u>(560,775)</u>	<u>(288,902)</u>
<b>Cash generated from operations</b>	<b>24,946</b>	<b>42,036</b>

Note 18

#### Transaction with Related Parties

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


**Transactions during the period with local companies**

			Quarter Ended March 31,	
			2020	2019
			(Un-audited)	(Un-audited)
------(Rupees in '000)-----				
<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>		
Worldcall Services (Private) Limited	Holding Company	Funds received by the Company during the period	37,028	175,596
		Funds repaid by the Company during the period	6,400	149,185
		Settlement with multimedia	-	-
		Markup on long term borrowings	22,814	15,073
		Exchange loss on markup	4,056	980
		Markup paid during the period	-	-
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	4,326	5,304

			Quarter Ended March 31,	
			2020	2019
			(Un-audited)	(Un-audited)
------(Rupees in '000)-----				
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	-
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	29,332	31,986

**Transactions during the period with foreign companies**

Related party	Relationship	Nature of transaction	Quarter Ended March 31,	
			2020	2019
			(Un-audited)	(Audited)
------(Rupees in '000)-----				
Ferret Consulting - F.Z.C	Associate	Net funds received by the Company during the period	-	69,085
		Exchange loss	20,595	2,865

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

		March 31, December 31,	
		2020	2019
		(Un-audited)	(Audited)
------(Rupees in '000)-----			
<b>Outstanding Balance as at the period/year end</b>			
Worldcall Services (Private) Limited	Sponsor's loan	1,482,731	1,416,639
	Accrued markup	32,155	5,285
	Short term borrowings	158,736	128,108
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	384,321	363,726
Worldcall Business Solutions (Private) Limited	Other receivables	57,287	52,961
ACME Telecom (Private) Limited	Other receivables	30	30
Worldcall Ride Hail (Private) Limited	Other receivables	16	16
Worldcall Cable (Private) Limited	Other receivables	2,110	2,110
Key management	Payable against expenses, salaries and other employee benefits	143,476	88,117
	Advance against expenses	14,291	15,312



## Note 19

## Financial Risk Management

**19.1 Financial risk factors**

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

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

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

**19.2 Fair value estimation**

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

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at March 31, 2020:

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
<b>Assets</b>				
Short-term investments	24,985	-	-	24,985

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

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

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



Note 20

**Segment Information**

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

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

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

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

Note 21

**Impact of Covid 19 on the financial statements**

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

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

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

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

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

Note 22

**Date of Authorization for Issue**

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

Note 23

**Corresponding Figures**

Corresponding figures have been re-arranged / reclassified, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



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