Quarterly Report

September 30, 2020

WorldCall Telecom Limited

WORLD CALL

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 over-whelming impact on the basis of following benchmarks:

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

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

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

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

Contents

COMPANY INFORMATION

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

Bankers	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited BankIslami (Pakistan) Limited MCB Bank Limited National Bank of Pakistan Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Telenor Microfinance Bank Limited The Bank of Punjab United Bank Limited Silkbank Limited Meezan Bank Limited Mobilink Microfinance Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A. Phase VII, Karachi-75500 Tel: (+92 21) 35310191-6
Registered Office/Head Office	Plot No. 1566/124, Main Walton Road, Lahore, Pakistan Tel: (+92 42) 36671191-94 Fax: (+92 42) 36671197
Webpage	www.worldcall.com.pk www.worldcall.net.pk

DIRECTORS' REVIEW REPORT

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

Economic Overview

Pakistan was implementing stabilization policy post crisis of 2017-18 and the economy was recovering from macroeconomic imbalances but COVID-19 slowed down the pace which was recovered initially but the advent of 2nd and 3rd wave brought significant challenges which were met by the timely prudent policies.

Government took several important policy decisions: monetary and fiscal measures, smart lockdowns, rapid vaccination etc. National Command and Operating Centre (NCOC) as a single organization was made responsible to take key decisions in collaboration with the provinces. Situation was put under control due to government's timely decision making, numbers of daily COVID-19 cases are presently on declining trend.

Despite myriad of challenges as elaborated above, Pakistan's economy is moving progressively on higher inclusive and sustainable growth path on the back of various measures and achievements during the year.

Financial Overview

Standalone Financial Statements

Summary of financial results for the quarter ended September 30, 2020 are as follows:

Particulars	September 30, 2020	September 30, 2019
	Rs. in million	
Revenue-net	2,617	3,384
Direct Cost (excluding depreciation and Amortization)	(1,401)	(1,912)
Other Income	333	573
EBITDA	1,138	1,515
Depreciation and Amortization	(709)	(953)
Finance Cost	(435)	(380)
Profit/(Loss) after tax	88	272

During the period under review, the Company closed its financial results reporting Rs 88 million as profit after tax. The company's revenue witnessed an overall decrease of 23% indicating hampering effects of COVID-19 are continued as compared to nine months for the last year with LDI (Rs 2,056 million) and the Broadband businesses (Rs. 558 million) being the major contributors to the topline. Primary reasons for profit erosion are the decrease in other income, increase in finance cost and decrease in connectivity. But this trend is more than expected to reverse this year with promising figures as Fiber to The Home is being aggressively rolled out and business collaborations in pipeline for streamlining of operations. Other income has reduced since major liabilities' write backs were done in the previous financial year (s) and it is expected to decline even further in coming fiscal year (s). Escalation in Finance cost can primarily be attributed to unwinding of interest.

The Company continues to strive for better financial and operational results under the guided leadership of existing management. Operating costs continued to decline signifying effective cost control measures but the decrease was less when compared with the corresponding period last year.

Consolidated Financial Statements

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

Earnings per Share

The earnings per share of the Company on consolidated as well as on standalone basis is Rupees 0. 04 per share.

Future Outlook

The targets have been broken down into rational, manageable fractions to account for hyperinflationary trends, political instability and disastrous impacts on economic environment of pandemic outbreak. Efforts are being concentrated with eyes set on acquisition/ up gradation of/ to state of the art technology, customer is top priority & “always right” approach and out of the box solutions with remote working infrastructure deployed to ensure disruption free seamless service provision to clientele. To expand on our previous announcements and apprising the stakeholders of future developments being a key feature of our financials and review reports, Fiber to The Home (FTTH) is being aggressively rolled out. The Company is engaged with various potential investors and negotiations are ongoing to secure funding and fiber roll out related equipment and bulk bandwidth. With lowest conversion cost in the market, we intend to secure 100,000 home passes in the next year so business on broadband front is showing a rosy glimpse of future ahead. For LDI business, the Company remains on its toes and pounces on any potential investment opportunity that comes its way to maintain competitive edge over the other key players.

To capitalize on the huge potential embedded in the ICT segment, the company has delved in the e-commerce industry through value added services such as Bulk SMS, Software/ Apps/ Web development, Mass email broadcasting response & IVR (Interactive Voice Response).

Company's staff and customers

We acknowledge from the bottom of our heart, steadfastness & sheer determination of staff evident from their concentrated efforts and application of skills acquired which has denominated in business expansion. We further express heartfelt gratitude towards our customers for trusting WorldCall as preferred choice of telecom services and entertainment provider.

For and on behalf of the Board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore, Pakistan
10 July 2021

اکٹھامالیاتی بیانات

خالص عبوری مستحکم مالی بیانات روٹ 1 ڈیجیٹل (پرائیوٹ) لمیٹڈ (ماتحت کمپنی) کے ساتھ مل کر ورلڈ کال ٹیلی کام لمیٹڈ (پیرنٹ کمپنی) کے مالی نتائج پر مشتمل ہیں۔ روٹ 1 ڈیجیٹل ایک پرائیویٹ لمیٹڈ کمپنی ہے جو 21 دسمبر، 2016 کو منسوخ کمپنیوں کے آرڈیننس، 1984 (اب کمپنیوں ایکٹ، 2017) کے تحت پاکستان میں شامل کی گئی ہے۔ بنیادی کاروبار تمام ٹرانسپورٹ خدمات کا کاروبار انجام دینا، موٹر گاڑیوں کی نقل وحمل کو کسی اور یا دوسرے کے ساتھ شریک کرنا، اور انفارمیشن ٹکنالوجی، سافٹ ویئر ڈویلپمنٹ اور اس کے ساتھ وابستہ تمام سرگرمیوں کے شعبے میں مشاورت کرنا ہے۔ ذیلی ادارہ پاکستان میں رہائش پذیر ہے اور اس کا رجسٹرڈ دفتر دوسری منزل، 300 وائی بلاک، فیز III، ڈیفنس ہاؤسنگ اتھارٹی، لاہور کینٹ میں واقع ہے۔ اس کا بنیادی مقام کاروبار 20، طارق بلاک، نیو گارڈن ٹاؤن، لاہور میں 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 حصص آمدنی

کمپنی نے انفرادی اور مجموعی طور پر فی حصص 0.04 روپے تخمینہ قرار دیا ہے۔

مستقبل کا نظریہ

ہائپر انفلیشنر ی رجحانات، سیاسی عدم استحکام اور وبائی بیماری کے پھیلنے کے معاشی ماحول پر تباہ کن اثرات مرتب کرنے کے اہداف کو عقلی، قابل انتظام جزء میں توڑ دیا گیا ہے۔ آرٹ ٹیکنالونی کے حصول/ اپ گریڈیشن پر نگاہ ڈالنے کی کوششوں پر توجہ مرکوز کی جارہی ہے، گاہک اولین ترجیح ہے اور "ہمیشہ صحیح" ہے اور ریموٹ ورکنگ انفراسٹرکچر کے خانے سے باہر جور کاوٹوں سے پاک ہموار خدمات کی فراہمی کو یقینی بناتا ہے۔ گاہک ہمارے پچھلے اعلانات کو وسعت دینے اور مستقبل میں ہونے والی پیشرفتوں کے اسٹیک ہولڈرز کو ہماری مالی اور جائزہ رپورٹوں کی ایک اہم خصوصیت سے آگاہ کرنے کے لئے، فائبر ٹو دی ہوم (ایف ٹی ٹی ایچ) کو جارحانہ طور پر نافذ کیا جارہا ہے۔ کمپنی متعدد ممکنہ سرمایہ کاروں کے ساتھ منسلک ہے۔ اور فنڈنگ اور فائبر رول آؤٹ سے متعلق ساز وسامان اور بلک بینڈ وڈتھ کے لئے بات چیت جاری ہے۔ مارکیٹ میں سب سے کم تبادلوں کی لاگت کے ساتھ، ہم اگلے سال میں ایک لاکھ گھروں کو محفوظ بنانے کا ارادہ رکھتے ہیں تاکہ براڈ بینڈ فرنٹ پر کاروبار آگے کے مستقبل کی ایک روشن جھلک دکھارہا ہے۔ ایل ڈی آئی کاروبار کیلئے کمپنی اپنے انگلیوں پر قائم ہے اور کسی بھی ممکنہ سرمایہ کاری کے مواقع فراہم کررہی ہے۔ جو دوسرے کلیدی کھلاڑیوں کے مقابلے میں مسابقتی برتری برقرار رکھنے کا راستہ آجاتی ہے۔

آئی سی ٹی طبقہ میں سرایت کرنے والی بھاری صلاحیتوں کو فائدہ پہنچانے کیلئے کمپنی نے بلک ایس ایم ایس، سوفٹویئر/ ایپس/ ویب ڈویلپمنٹ، ماس ای میل نشریاتی ردعمل اور آئی وی آر (انٹرایکٹو وائس رسپانس) جیسی ویلیو ایڈڈ خدمات کے ذریعہ ای کامرس انڈسٹری میں کامیابی حاصل کی ہے۔

کمپنی کا عملہ اور صارفین

ہم اپنے دل کی تہہ سے، اعتکاف اور عملے کا سراسر عزم ان کی مرکوز کاوشوں اور حاصل کردہ مہارتوں کے استعمال سے ظاہر کرتے ہیں جو کاروباری توسیع میں مماثلت رکھتے ہیں۔ ہم ٹیلی کام خدمات اور تفریح فراہم کرنے والے کے ترجیحی انتخاب کے طور پر ورلڈ کال پر اعتماد کرنے پر اپنے صارفین سے دلی شکریہ کا اظہار کرتے ہیں۔

بحکم بورڈ آف ڈائریکٹرز

بابر علی سید

چیف ایگزیکٹو آفیسر

لاہور

10 جولائی، 2021

ڈائریکٹرز کی جائزہ رپورٹ

ورلڈکال ٹیلی کام لمیٹڈ (''ورلڈکال''یا'' کمپنی'') کے بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کوختم ہونے والے نو ماہ اور سہ ماہی کے لئے اپنی جائزہ رپورٹ کے ساتھ ساتھ متشدد عبوری اسٹینڈ اور مستحکم مالی معلومات کو پیش کرنے پر خوش ہیں۔

اقتصادی جائزہ

پاکستان 18-2017 کے استحکام کی پالیسی کے بعد بحران پر عمل درآمد کر رہا تھا اور معیشت معاشی عدم توازن سے ترقی کر رہی تھی لیکن COVID-19 نے اس رفتار کو آہستہ کر دیا جو ابتدائی طور پر برآمد ہوا تھا لیکن دوسری اور تیسری لہر کی آمد نے اہم چیلنجوں کا سامنا کیا جو بروقت حکمرانی کی پالیسیوں کے ذریعہ پورا کیا گیا۔

حکومت نے پالیسی کے بہت سے اہم فیصلے کیے جیسے کہ مالیاتی اور مالی اقدامات، سمارٹ لاک ڈاؤن، تیزی سے ویکسی نیشن وغیرہ نیشنل کمانڈ اینڈ آپریٹنگ سینٹر (این سی او سی) کو ایک ہی تنظیم کی حیثیت سے صوبوں کے اشتراک سے کلیدی فیصلے لینے کا ذمہ دار بنایا گیا تھا۔ حکومت کے بروقت فیصلہ کرنے کی وجہ سے صورتحال کو قابو میں کر لیا گیا، روزانہ COVID-19 کے متعدد معاملات اس وقت زوال کے رجحان پر ہیں۔

متعدد چیلنجوں کے باوجود جیسا کہ اوپر بیان کیا گیا ہے، پاکستان کی معیشت ایک سال کے دوران مختلف اقدامات اور کامیابیوں کی پاداش میں اعلی جامع اور پائیدار ترقی کی راہ پر گامزن ہے۔

مالیاتی جائزہ ۔ علیحدہ معاشی بیانئے

30 ستمبر 2020 کوختم ہونے والی سہ ماہی کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے۔

Particulars	September 30, 2020	September 30, 2019
	Rs. in million	
Revenue-net	2,617	3,384
Direct Cost (excluding depreciation and Amortization)	(1,401)	(1,912)
Other Income	333	573
EBITDA	1,138	1,515
Depreciation and Amortization	(709)	(953)
Finance Cost	(435)	(380)
Profit/(Loss) after tax	88	272

زیر جائزہ مدت کے دوران، کمپنی نے ٹیکس کے بعد منافع کے طور پر 88 ملین روپے بتاتے ہوئے اپنے مالی نتائج بند کر دیئے۔ کمپنی کی آمدنی میں مجموعی طور پر 23 فیصد کی کمی واقع ہوئی ہے جس سے ظاہر ہوتا ہے کہ COVID-19 کے رکاوٹ کے اثرات پچھلے سال کے نو ماہ کے مقابلے میں جاری ہیں، جبکہ ایل ڈی آئی (2,056 ملین روپے) اور براڈ بینڈ کاروباری اداروں (558 ملین روپے) میں اہم شراکت کار ہے۔ ٹاپ لائن منافع کے خاتمے کی بنیادی وجوہات دوسری آمدنی میں کمی، فنانس لاگت میں اضافہ اور رابطے میں کمی ہیں۔ لیکن یہ رجحان اس سال کے متوقع اعداد وشمار کے ساتھ الٹ جانے کی توقع سے زیادہ ہے کیونکہ فائبر ٹو دی ہوم میں جارحانہ انداز میں کارروائی کی جا رہی ہے اور آپریشن کو آسان بنانے کے لئے پائپ لائن میں کاروباری اشتراک عمل جاری ہے۔ پچھلے مالی سال میں بڑی ذمہ داریوں کے لکھنے کی پشت پناہی کے بعد سے دیگر آمدنی میں کمی آئی ہے اور امید ہے کہ آنے والے مالی سال میں اس میں مزید کمی واقع ہوگی۔ فنانس لاگت میں اضافہ بنیادی طور پر سود کو ختم نہ کرنے سے منسوب کیا جا سکتا ہے۔

کمپنی موجودہ انتظامیہ کی رہنمائی قیادت میں بہتر مالی اور آپریشنل نتائج کے لئے کوشاں ہے۔ آپریٹنگ اخراجات میں قیمتوں پر قابو پانے کے موثر اقدامات کی نشاندہی ہوتی رہی لیکن پچھلے سال کے اسی عرصے کے مقابلے میں کمی کم رہی۔

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

	Note	September 30, 2020	December 31, 2019
		Un-audited	Audited
SHARE CAPITAL AND RESERVES		-----------(Rupees in '000)-----------	
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		486,789	476,453
Accumulated loss		(12,986,381)	(13,186,813)
Surplus on revaluation of fixed assets		1,126,535	1,247,166
		3,128,982	3,038,845
NON-CURRENT LIABILITIES			
Term finance certificates	8	1,479,256	1,567,104
Long term financing	9	74,210	87,330
Sponsor's loan	10	1,331,914	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		227,402	210,796
Lease liabilities	11	184,382	175,585
		4,318,664	4,478,954
CURRENT LIABILITIES			
Trade and other payables		5,862,914	6,093,671
Unearned revenue		119,424	55,810
Accrued mark up		237,207	136,847
Current and overdue portion of non-current liabilities		615,883	415,282
Short term borrowings	12	494,127	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		344,305	311,857
		7,675,667	7,949,320
Contingencies and Commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		15,123,313	15,467,119
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,361,488	6,584,882
Right of use assets	15	2,286,539	2,138,001
Intangible assets		1,624,087	1,916,615
Investment properties		48,800	48,800
Long term investment	16	50,000	50,000
Deferred taxation		2,850,781	2,725,027
Long term deposits		16,961	16,910
		13,238,656	13,480,235
CURRENT ASSETS			
Stores and spares		33,687	40,592
Stock-in-trade		204,777	204,777
Trade debts		874,984	896,749
Loans and advances		122,292	189,469
Deposits and prepayments		522,347	502,996
Short term investments		48,915	38,579
Other receivables		70,898	73,639
Cash and bank balances		6,757	40,083
		1,884,657	1,986,884
TOTAL ASSETS		15,123,313	15,467,119

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

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

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		--------------(Rupees in '000)--------------			
Revenue	17	2,617,391	3,384,388	484,166	1,115,454
Direct costs excluding depreciation and amortization		(1,400,577)	(1,911,551)	(403,196)	(696,565)
Operating costs		(412,601)	(531,386)	(177,243)	(142,510)
Other income - net		333,480	573,326	249,810	169,615
Profit before Interest, Taxation, Depreciation and Amortization		1,137,693	1,514,777	153,537	445,994
Depreciation and amortization		(709,302)	(953,137)	(94,521)	(306,882)
Finance cost		(434,952)	(380,009)	(161,291)	(130,507)
(Loss) / Profit before Taxation		(6,561)	181,631	(102,275)	8,605
Taxation		94,999	90,268	107,706	69,416
Net Profit for the Period		88,438	271,899	5,431	78,021
Earnings per Share - basic (Rupees)		0.04	0.15	0.002	0.04
Earnings per Share - diluted (Rupees)		0.02	0.05	0.002	0.01

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

Chief Executive Officer | Director | Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,		Quarter ended September 30,	
	2020	2019	2020	2019
	--------------(Rupees in '000)------------			
Net Profit for the Period	88,438	271,899	5,431	78,021
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- Changes in fair value of financial assets through other comprehensive income - net of tax	10,336	(10,348)	14,639	(11,647)
Item that may be subsequently reclassified to profit or loss:	-	-		
Other Comprehensive Income / (Loss) - net of tax	10,336	(10,348)	14,639	(11,647)
Total Comprehensive Income for the Period - net of tax	98,774	261,551	20,070	66,374

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

Chief Executive Officer | Director | Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Nine Months Ended September 30, 2020 (Un-audited)	2019 (Un-audited)
		-------------(Rupees in '000)-------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	486,215	739,266
Decrease / (Increase) in non-current assets:			
- Long term trade receivables		-	7,064
- Long term deposits		(51)	6,580
		(51)	13,644
		486,164	752,910
Post employment benefits paid		(20,029)	(6,904)
Finance cost paid		(68,975)	(40,024)
Income tax paid		(6,943)	(19,714)
Net Cash Generated from Operating Activities		390,217	686,268
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,041)	(854,515)
Dividend income		49	-
Income on deposit and savings accounts		17,477	-
Proceeds from disposal of property, plant and equipment		39	2,610
Net Cash Generated from/(Used in) Investing Activities		11,524	(851,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(29,559)	(30,840)
Short term borrowings - net		(126,867)	278,921
Repayment of lease liability		(31,591)	(30,826)
Net Cash (Used in) /Generated from Financing Activities		(435,067)	187,255
Net (Decrease) / Increase in Cash and Cash Equivalents		(33,326)	21,618
Cash and cash equivalents at the beginning of the period		40,083	7,258
Cash and Cash Equivalents at the End of the Period		6,757	28,876

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

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

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
	(Rupees in '000)								
Balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,493,920)	1,466,342	2,950,450
Net profit for the period	-	-	-	-	-	-	271,899	-	271,899
Other comprehensive loss for the period - net of tax	-	-	-	(10,348)	-	(10,348)	-	-	(10,348)
Total comprehensive income for the period - net of tax	-	-	-	(10,348)	-	(10,348)	271,899	-	261,551
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	107,881	(107,881)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(7,181)	(7,181)
Conversion of preference shares and dividend thereon	6,528,329	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,021
Discount on issuance of ordinary shares	(5,749,021)		-	-	-	-			(5,749,021)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at September 30, 2019	11,615,252	2,114,651	772,136	(37,122)	502,763	465,641	(13,114,140)	1,351,280	3,204,820
Net loss for the period	-	-	-	-	-	-	(199,601)	-	(199,601)
Other comprehensive income for the period - net of tax	-	-	-	10,812	-	10,812	22,744	-	33,556
Total comprehensive loss for the period - net of tax	-	-	-	10,812	-	10,812	(176,857)	-	(166,045)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	104,184	(104,184)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	70	70
Conversion of preference shares and dividend thereon	-	-	-	-	-	-	-	-	-
Discount on issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,186,813)	1,247,166	3,038,845
Net profit for the period	-	-	-	-	-	-	88,438	-	88,438
Other comprehensive income for the period - net of tax	-	-	-	10,336	-	10,336	-	-	10,336
Total comprehensive income for the period - net of tax	-	-	-	10,336	-	10,336	88,438	-	98,774
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	111,994	(111,994)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(8,637)	(8,637)
Balance as at September 30, 2020	11,615,252	2,114,651	772,136	(15,974)	502,763	486,789	(12,986,381)	1,126,535	3,128,982

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Note 1

The Company and its Operations

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

Worldcall Services (Pvt.) Limited (the "Parent Company"), incorporated in Pakistan, owns 39.98% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.10% (2019: 47.75%)

Note 2

Basis of Preparation

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

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

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

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

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

2.3 These condensed interim financial statements are unaudited.

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

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

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

2.7 Going concern assumption

2.7.1 The Company has earned a profit after taxation of Rs. 88.438 million during the period ended September 30, 2020 (Sep 2019: profit after taxation of Rs. 271.899 million) which includes the impact of write back of liabilities for Rs. 320.740 million (Sep 2019: Rs. 546.618 million). As at September 30, 2020, the accumulated loss of the Company stands at Rs. 12,986.381 million (December 31, 2019: Rs. 13,186.813 million) and its current liabilities exceed its current assets by Rs. 5,791.010 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. 5.791 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.7.2.1	494
Pakistan Telecommunication Authority (PTA)	2.7.2.2	2,382
Claims of Parties Challenged	2.7.2.3	846
Continuing business partners	2.7.2.4	617
Provision for taxation	2.7.2.5	344
		4,683

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. 442.391 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. 62.028 Million.

2.7.2.2 Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.4 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. 617 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 an 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

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

5.1 During the period, Nil (December 31, 2019: 46,800) convertible preference shares and accumulated preference dividend thereon amounting to Rs. Nil million (December 31, 2019: Rs. 177.526 million) have been converted into ordinary shares in accordance with the agreed terms and conditions detailed in Note 6.2.

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

5.3 Worldcall Services (Private) Limited, parent of the Company, holds 983,117,312 shares (December 31, 2019: 983,117,312 shares) representing 39.98% (December 31, 2019: 39.98%) shareholding in the Company. Out of these shares, 175 million shares are pledged to secure TFC liability which will be released with quarterly scheduled principal repayments proportionately starting from June 2019 (refer to note 8).

5.4 Ferret Consulting F.Z.C., an associate of the Company, holds 2,039,085 shares (December 31, 2019: 185,221,085 shares) representing 0.08% (December 31, 2019: 7.53%) shareholding in the Company.

5.5 AMB Management Consultants (Private) Limited, an associate of the Company, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Company.

		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
5.6	Reconciliation of discount on issue of shares is as follows:	--------------(Rupees in '000)--------------	
	Opening balance	12,972,288	7,223,276
	Add: Discount on issuance of ordinary shares during the period / year	-	5,749,012
	Closing balance	12,972,288	12,972,288
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	24,587,540	24,587,540

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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------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)
		208,600	208,600	2,114,651	2,114,651

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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		-------------(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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(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		(290,076)	(200,076)
		997,034	1,087,034
Add: Deferred markup	8.1	482,222	480,070
		1,479,256	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 8.30% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

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

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

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

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

The Company has not paid due quarterly installments of June, September & December in 2019 and March, June & September 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:

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

8.1 Deferred markup

	Note	September 30, 2020	December 31, 2019
Deferred markup	8.1.1	733,030	667,277
Adjustment due to impact of IFRS 9	8.1.2	(166,239)	(187,207)
Less: Current maturity of deferred markup		(84,569)	-
		482,222	480,070

8.1.1 Reconciliation of deferred markup is as follows:

	September 30, 2020	December 31, 2019
Opening balance	667,277	588,776
Add: Markup deferred during the period/year	65,753	78,501
	733,030	667,277

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
8.1.2 Reconciliation is as follows:		
Opening balance	187,207	192,117
Add: Discounting impact of deferred markup	15,558	28,667
	202,765	220,784
Less: Unwinding impact of discounted deferred markup	(36,526)	(33,577)
	166,239	187,207

Note 9

Long Term Financing

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
From Banking Companies (secured)			
Allied Bank Limited	9.1	74,210	87,330
Askari Bank Limited	9.2	-	-
		74,210	87,330
		74,210	87,330

9.1 Allied Bank Limited

	September 30, 2020	December 31, 2019
Opening balance	106,550	-
Transfer from running finance	-	120,697
Repayments	(11,772)	(14,147)
	94,778	106,550
Less: Current and overdue portion	(37,578)	(28,550)
	57,200	78,000
Add: Deferred markup	23,732	15,098
Less: Discounting of deferred markup	(8,304)	(5,768)
Add: Unwinding impact of discounted deferred markup	1,582	-
	17,010	9,330
	74,210	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 8.11% 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.
After reporting date the repayments of loan has been restrctured by redcuing installments from May 2020 to December 2020. Differential amounts are added to last 8 installments, with original loan maturity unchnaged at Dec 20, 2022 for principal and Dec 20, 2023 for markup.

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
9.2 Askari Bank Limited			
Opening balance		17,787	48,627
Repayments		(17,787)	(30,840)
		-	17,787
Less: Current and overdue portion		-	(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. During the period the Company repaid the loan.

Note 10

Sponsor's Loan

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	10.1	499,200	466,050
- Non-interest bearing	10.2	832,714	950,589
		1,331,914	1,416,639

10.1	Opening balance	466,050	417,300
	Exchange loss	33,150	48,750
		499,200	466,050

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 year and three months.

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 year and three months.

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

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,221,337	1,221,337
Less: Repayment during the period/year	(247,050)	-
Amount of loan	974,287	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	265,240	136,065
	(141,573)	(270,748)
	832,714	950,589

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	48,515	-
Add: Interest expense	26,665	29,626
Less: Lease payments	(31,592)	(48,867)
Gross liability	283,042	239,454
Less: Current and overdue portion	(98,660)	(63,869)
Closing balance	184,382	175,585

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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Banking companies (secured - interest bearing):			
- Running finances	12.1	432,099	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	12.2	62,028	363,726
- Worldcall Services (Private) Limited	12.3	-	128,108
		494,127	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 year on outstanding balances ranged from 10.36% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively.

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

12.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 372,765 (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:

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	24,448	98,793
Funds received during the period / year	56,376	367,332
Repayments during the period / year	(208,932)	(344,459)
Expenses charged to the Company	-	6,442
	-	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 September 30, 2020 was Nil (2019: Nil) and Rs. 356.461 million (2019: Rs. 339.138 million) respectively.

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

Note 13

Contingencies and Commitments

Contingencies

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

		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Guarantees and Letter of Credits			
Outstanding guarantees and letters of credit		356,461	339,138
Commitments			
Commitments in respect of capital expenditure		137,382	273,031

Note 14

Property, Plant and Equipment

Operating fixed assets	14.1	6,292,466	6,516,313
Capital work-in-progress		69,022	68,569
		6,361,488	6,584,882

14.1 Operating fixed assets

Opening book value		6,516,313	7,217,963
Additions during the period / year	14.1.1	73,088	76,704
		6,589,401	7,294,667
Disposals / settlement (at book value) for the period / year	14.1.2	(12,777)	(45,021)
Depreciation charged during the period / year		(284,158)	(733,333)
Closing book value		6,292,466	6,516,313

14.1.1 Detail of additions

Leasehold improvements	-	3,347
Plant and equipment	72,616	71,055
Office equipment	58	465
Furniture and fixtures	-	1,046
Computers	414	791
	73,088	76,704

14.1.2 Book values of assets disposed off

Leasehold improvements	-	3,901
Plant and equipment	12,777	39,009
Office Equipment	-	1,183
Computers	-	55
Furniture and fixtures	-	687
Laboratory and other equipment	-	186
	12,777	45,021

Note 15

Right of use assets

Opening balance	2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Prepaid lease rentals as at December 31, 2018	-	3,493
Add: Additions during the year	281,156	1,012,725
Less: Depreciation charge for the period / year	(132,618)	(130,810)
Closing balance	2,286,539	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

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
Wholly owned subsidiary Company - at cost [unquoted]		
Route 1 Digital (Private) Limited		
30,000 (December 31, 2019: 30,000) ordinary shares of		
Rs. 100 each, equity held 100% (December 31, 2018: 100%)	50,000	50,000

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

Note 17

Revenue

	Note	Nine Months Ended September 30, 2020 (Un-audited)	2019 (Un-audited)
		--------------(Rupees in '000)--------------	
Telecom	17.1	2,056,082	1,665,859
Broadband	17.2	592,542	1,756,879
Other		2,663	19,201
Gross revenue		2,651,287	3,441,939
Less: Sales tax		(25,191)	(39,209)
Less: Discount		(8,705)	(18,342)
		2,617,391	3,384,388

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

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

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

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

Note 18

Cash Used in Operations

	Nine Months Ended September 30, 2020	2019
	(Un-audited)	(Un-audited)
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(6,561)	181,631
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	284,158	625,726
- Amortization on intangible assets	292,528	292,528
- Amortization of right of use assets	132,618	34,883
- Provision for expected credit losses on trade debts	72,200	37,219
- Loss / (Gain) on disposal of property, plant and equipment	(39)	(1,291)
- Revenue from IRU agreement	(249,785)	-
- Disposal of fiber under IRU arrangement	12,778	37,652
- Unclaimed liabilities written back during the period	(91,323)	(545,429)
- Reversal of provision for advance to suppliers	(3,692)	(1,189)
- Post employment benefits	36,635	48,418
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(18,095)	(21,468)
- Income on deposits, advances and savings accounts	(17,477)	-
- Exchange loss on foreign currency loan	33,150	91,365
- Exchange loss on foreign currency accrued markup	2,717	-
- Exchange (gain)/loss on foreign currency balances - net	(12,947)	-
- Unwinding impact of liabilities under IFRS 9	167,283	134,167
- Imputed interest on lease liability	26,664	23,531
- Finance cost	241,005	222,311
	908,329	978,423
Operating profit before working capital changes	901,768	1,160,054
(Increase) / decrease in current assets		
- Stores and spares	6,905	13,468
- Trade debts	(36,060)	(149,919)
- Loans and advances	70,869	8,424
- Deposits and prepayments	(19,351)	(13,743)
- Other receivables	2,741	(11,782)
Increase / (decrease) in current liabilities		
- Unearned revenue	63,614	22,875
- Trade and other payables	(504,271)	(290,111)
	(415,553)	(420,788)
Cash generated from operations	486,215	739,266

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			Nine Months Ended September 30, 2020 (Un-audited)	2019 (Un-audited)
			--------------(Rupees in '000)--------------	
Related party	**Relationship**	**Nature of transaction**		
Worldcall Services (Private) Limited	Parent Company	Funds received by the Company during the period	56,376	179,280
		Funds repaid by the Company during the period	208,932	-
		Settlement with multimedia	24,448	76,043
		Markup on long term borrowings	53,834	49,050
		Exchange loss on markup	1,344	-
		Markup adjusted during the period	60,463	107,923
Route 1 Digital (Private) Limited	Wholly Owned Subsidiary	Expenses borne on behalf of subsidiary	1,368	3,731
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	10,211	14,082
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	600
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	71,168	96,319

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 year	4,500	286,907
		Direct Cost-IT Service	2,700	-
		Expenses Charged during the year	2,125	-
		Adjustment during the period	337,500	-

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

Outstanding Balance as at the period/year end		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Worldcall Services (Private) Limited	Sponsor's loan	1,331,914	1,416,639
	Accrued markup	60,463	5,285
	Short term borrowings	-	128,108
	Other receivable	(2,392)	-
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	62,028	363,726
Route 1 Digital (Private) Limited	Investment in subsidiary	50,000	50,000
	Other receivables	14,995	13,627
Worldcall Business Solutions (Private) Limited	Other receivables	63,172	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	155,977	88,117
	Advance against expenses	9,749	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. Consequenlty 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 September 30, 2020:

	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Assets				
Short-term investments	**48,915**	**-**	**-**	**48,915**

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

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

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

Note 21

Segment Information

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

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

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

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

Note 22

Impact of Covid 19 on the financial statements

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

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

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

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

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

Note 23

Date of Authorization for Issue

These condensed interim financial statements (un-audited) were approved and authorized for issue on 10 July 2021 by the Board of Directors of the Company.

Note 24

Corresponding Figures

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

Chief Executive Officer	Director	Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

QUARTERLY REPORT 2020

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 Un-audited	December 31, 2019 Audited
		-----------(Rupees in '000)-----------	
SHARE CAPITAL AND RESERVES			
Authorized share capital		29,000,000	29,000,000
Ordinary share capital	5	11,615,252	11,615,252
Preference share capital	6	2,114,651	2,114,651
Dividend on preference shares	7	772,136	772,136
Capital reserves		486,789	476,453
Accumulated loss		(13,003,289)	(13,201,560)
Surplus on revaluation of fixed assets		1,126,535	1,247,166
		3,112,074	3,024,098
NON-CURRENT LIABILITIES			
Term finance certificates	8	1,479,256	1,567,104
Long term financing	9	74,210	87,330
Sponsor's loan	10	1,331,914	1,416,639
License fee payable		1,021,500	1,021,500
Post employment benefits		227,402	210,796
Lease liabilities	11	184,382	175,585
		4,318,664	4,478,954
CURRENT LIABILITIES			
Trade and other payables		5,864,094	6,094,672
Unearned revenue		119,424	55,810
Accrued mark up		237,207	136,847
Current and overdue portion of non-current liabilities		615,883	415,282
Short term borrowings	12	494,127	934,046
Unclaimed dividend		1,807	1,807
Provision for taxation - net		344,273	311,825
		7,676,815	7,950,289
Contingencies and Commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		15,107,553	15,453,341
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,364,147	6,587,998
Right of use assets	15	2,286,539	2,138,001
Intangible assets		1,670,410	1,962,998
Investment properties		48,800	48,800
Deferred taxation		2,850,781	2,725,027
Long term deposits		16,961	16,910
		13,237,638	13,479,734
CURRENT ASSETS			
Stores and spares		33,687	40,592
Stock-in-trade		204,777	204,777
Trade debts		875,183	896,948
Loans and advances		122,329	189,603
Deposits and prepayments		522,347	502,996
Short term investments		48,915	38,579
Other receivables		55,903	60,012
Cash and bank balances		6,774	40,100
		1,869,915	1,973,607
TOTAL ASSETS		15,107,553	15,453,341

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Quarter ended September 30, 2020	Quarter ended September 30, 2019
		(Rupees in '000)			
Revenue	16	2,617,391	3,384,391	484,166	1,115,454
Direct costs excluding depreciation and amortization		(1,400,738)	(1,911,988)	(403,196)	(696,565)
Operating costs		(414,084)	(534,502)	(177,697)	(143,049)
Other income - net		333,480	573,326	249,810	169,615
Profit before Interest, Taxation, Depreciation and Amortization		1,136,049	1,511,227	153,083	445,455
Depreciation and amortization		(709,819)	(953,673)	(94,683)	(307,060)
Finance cost		(434,952)	(380,024)	(161,291)	(130,509)
(Loss)/Profit before Taxation		(8,722)	177,530	(102,891)	7,886
Taxation		94,999	90,268	107,706	69,416
Net Profit for the Period		86,277	267,798	4,815	77,302
Earnings per Share - basic (Rupees)		0.04	0.15	0.002	0.04
Earnings per Share - diluted (Rupees)		0.02	0.05	0.001	0.01

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

Chief Executive Officer | Director | Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,		Quarter ended September 30,	
	2020	2019	2020	2019
	--------------(Rupees in '000)-------------			
Net Profit for the Period	86,277	267,798	4,815	77,302
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- Changes in fair value of financial assets through other comprehensive income - net of tax	10,336	(10,348)	14,639	(11,647)
Item that may be subsequently reclassified to profit or loss:	-	-		
Other Comprehensive Income/(Loss) - net of tax	10,336	(10,348)	14,639	(11,647)
Total Comprehensive Income for the Period - net of tax	96,613	257,450	19,454	65,655

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 (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Particulars	Ordinary Share Capital	Preference Share Capital	Dividend on Preference Shares	Capital Reserves			Revenue Reserve (Accumulated Loss)	Surplus on Revaluation of Fixed Assets	Total
				Fair Value Reserve	Exchange Translation Reserve	Total Capital Reserves			
				(Rupees in '000)					
Adjusted Balance as at December 31, 2018	10,835,944	2,585,646	949,662	(26,774)	633,550	606,776	(13,501,857)	1,466,342	2,942,513
Net profit for the period	-	-	-	-	-	-	267,798	-	267,798
Other comprehensive loss for the period - net of tax	-	-	-	(10,348)	-	(10,348)	-	-	(10,348)
Total comprehensive income for the period - net of tax	-	-	-	(10,348)	-	(10,348)	267,798	-	257,450
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	107,881	(107,881)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(7,181)	(7,181)
Conversion of preference shares and dividend thereon	6,528,329	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	5,749,021
Discount on issuance of ordinary shares	(5,749,021)			-	-	-	-	-	(5,749,021)
Total transactions with owners, recognized directly in equity	779,308	(470,995)	(177,526)	-	(130,787)	(130,787)	-	-	-
Balance as at September 30, 2019	11,615,252	2,114,651	772,136	(37,122)	502,763	465,641	(13,126,178)	1,351,280	3,192,782
Net loss for the period	-	-	-	-	-	-	(202,310)	-	(202,310)
Other comprehensive income for the period - net of tax	-	-	-	10,812	-	10,812	22,744	-	33,556
Total comprehensive loss for the period - net of tax	-	-	-	10,812	-	10,812	(179,566)	-	(168,754)
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	104,184	(104,184)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	70	70
Conversion of preference shares and dividend thereon	-	-	-	-	-	-	-	-	-
Discount on issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	11,615,252	2,114,651	772,136	(26,310)	502,763	476,453	(13,201,560)	1,247,166	3,024,098
Net profit for the period	-	-	-	-	-	-	86,277	-	86,277
Other comprehensive income for the period - net of tax	-	-	-	10,336	-	10,336	-	-	10,336
Total comprehensive income for the period - net of tax	-	-	-	10,336	-	10,336	86,277	-	96,613
Incremental depreciation / amortization for the period on surplus on revaluation of fixed assets	-	-	-	-	-	-	111,994	(111,994)	-
Effect of change in tax rates and proportion of normal sales	-	-	-	-	-	-	-	(8,637)	(8,637)
Balance as at September 30, 2020	11,615,252	2,114,651	772,136	(15,974)	502,763	486,789	(13,003,289)	1,126,535	3,112,074

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 CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Note	Nine Months Ended September 30, 2020 (Un-audited)	2019 (Un-audited)
		--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	486,215	739,174
Decrease / (Increase) in non-current assets:			
- Long term trade receivables		-	7,064
- Long term deposits		(51)	6,580
		(51)	13,644
		486,164	752,818
Post employment benefits paid		(20,029)	(6,904)
Finance cost paid		(68,975)	(40,024)
Income tax paid		(6,943)	(19,706)
Net Cash Generated from Operating Activities		390,217	686,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,041)	(854,515)
Dividend income		49	-
Income on deposit and savings accounts		17,477	-
Proceeds from disposal of property, plant and equipment		39	2,610
Net Cash Generated from/(Used in) Investing Activities		11,524	(851,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(30,000)
Repayment of long term financing		(29,559)	(30,840)
Short term borrowings - net		(126,867)	278,921
Repayment of lease liability		(31,591)	(30,826)
Net Cash (Used in)/Generated from Financing Activities		(435,067)	187,255
Net (Decrease) / Increase in Cash and Cash Equivalents		(33,326)	21,534
Cash and cash equivalents at the beginning of the period		40,100	7,360
Cash and Cash Equivalents at the End of the Period		6,774	28,894

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 TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Note 1
Legal Status and Nature of Operations

The Group is structured as follows:

- Worldcall Telecom Limited is the Parent Company (refer to note 1.1)
- Route 1 Digital (Private) Limited (the subsidiary) was acquired during the year ended December 31, 2018 (refer to note 1.2). The subsidiary is wholly owned by the Parent with 100% shareholding of the Parent Company in the subsidiary.
- The registered office of the Group is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

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 Parent 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 Parent Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The Parent Company is domiciled in Pakistan and its registered office and principal place of business is situated at Plot # 1566/124, Main Walton Road, Lahore Cantt.

Worldcall Services (Pvt.) Limited (the "Holding Company"), incorporated in Pakistan, owns 39.98% (2019: 39.98%) ordinary shares of the Company. Aggregate holding of Worldcall Services (Private) Limited through other associates is 40.10% (2019: 47.75%)

1.2 Route 1 Digital (Private) Limited (the subsidiary) is a private limited Company incorporated in Pakistan on December 21, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary business is to carry out the business of all transport services, sharing motor vehicle transportation with another or others, and consultancy in the field of information technology, software development and all activities ancillary thereto. The subsidiary is domiciled in Pakistan and its registered office is situated at 2nd Floor, 300 Y Block, Phase-III, Defence Housing Authority, Lahore Cantt. Its principal place of business is situated at 20, Tariq Block, New Garden Town, Lahore. The Group acquired this subsidiary during the year for which control was obtained 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 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 consolidated 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 consolidated 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 Group'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 nine months ended September 30, 2019.

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

2.6 Going concern assumption

2.6.1 The Group has earned a profit after taxation of Rs. 86.277 million during the period ended September 30, 2020 (Sep 2019: profit after taxation of Rs. 267.798 million) which includes the impact of write back of liabilities for Rs. 320.740 million (Sep 2019: Rs. 546.618 million). As at September 30, 2020, the accumulated loss of the Group stands at Rs. 13,003.289 million (December 31, 2019: Rs. 13,201.560 million) and its current liabilities exceed its current assets by Rs. 5,806.900 million (December 31, 2019: Rs. 5,976.682 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. 5.806 billion as on the reporting date, which has the following major components:

Description	Note	Rs in million
Short term Borrowings	2.6.2.1	494
Pakistan Telecommunication Authority (PTA)	2.6.2.2	2,382
Claims of Parties Challenged	2.6.2.3	846
Continuing business partners	2.6.2.4	617
Provision for taxation	2.6.2.5	344
		4,683

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. 442.391 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. 62.028 Million.

2.6.2.2 Liabilities towards PTA as incorporated in these financial statements stand at approximately Rs. 2.4 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. 617 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 Group through its letter to the Parent 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 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 financial statements.

Note 4

Significant accounting Judgements and Estimates

The preparation of condensed interim consolidated (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 an 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

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

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 Group 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 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 Group, holds 2,039,085 shares (December 31, 2019: 185,221,085 shares) representing 0.08% (December 31, 2019: 7.53%) shareholding in the Company.

5.5 AMB Management Consultants (Private) Limited, an associate of the Group, holds 914,053 shares (December 31, 2019: 5,914,053 shares) representing 0.0004% (December 31, 2019: 0.24%) shareholding in the Company.

		September 30, 2020 (Un-audited)	December 31, 2019 (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	12,972,288	12,972,288
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	24,587,540	24,587,540

5.8 All ordinary shares rank equally with regard to residual assets of the Group. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

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

Note 6

Preference Share Capital

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------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)
		208,600	208,600	2,114,651	2,114,651

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 6.2.

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 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.

6.6 AMB Management Consultants (Private) Limited, an associate of the Group, holds NIL preference shares (December 31, 2019: Nil preference shares) in the Company.

6.7 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.

6.8 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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		------------(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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		------------(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		(290,076)	(200,076)
		997,034	1,087,034
Add: Deferred markup	8.1	482,222	480,070
		1,479,256	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 8.30% to 14.91% (December 31, 2019: 9.20% to 14.91%) per annum.

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

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

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

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

The Group has not paid due quarterly installments of June, September & December in 2019 and March, June & September 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 Group'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 Group under:

a) LDI and WLL license issued by PTA to the Parent Company; and

b) Assigned frequency spectrum as per deed of assignment.

		Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
			--------------(Rupees in '000)--------------	
8.1	**Deferred markup**			
	Deferred markup	8.1.1	733,030	667,277
	Adjustment due to impact of IFRS 9	8.1.2	(166,239)	(187,207)
	Less: Current maturity of deferred markup		(84,569)	-
			482,222	480,070
8.1.1	Reconciliation of deferred markup is as follows:			
	Opening balance		667,277	588,776
	Add: Markup deferred during the period/year		65,753	78,501
			733,030	667,277
8.1.2	Reconciliation is as follows:			
	Opening balance		187,207	192,117
	Add: Discounting impact of deferred markup		15,558	28,667
			202,765	220,784
	Less: Unwinding impact of discounted deferred markup		(36,526)	(33,577)
			166,239	187,207

Note 9

Long Term Financing

From Banking Companies (secured)

	Note	September 30, 2020	December 31, 2019
Allied Bank Limited	9.1	74,210	87,330
Askari Bank Limited	9.2	-	-
		74,210	87,330
		74,210	87,330

		September 30, 2020	December 31, 2019
9.1	**Allied Bank Limited**		
	Opening balance	106,550	-
	Transfer from running finance	-	120,697
	Repayments	(11,772)	(14,147)
		94,778	106,550
	Less: Current and overdue portion	(37,578)	(28,550)
		57,200	78,000
	Add: Deferred markup	23,732	15,098
	Less: Discounting of deferred markup	(8,304)	(5,768)
	Add: Unwinding impact of discounted deferred markup	1,582	-
		17,010	9,330
		74,210	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 8.11% 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.

After reporting date the repayments of loan has been restrctured by redcuing installments from May 2020 to December 2020. Differential amounts are added to last 8 installments, with original loan maturity unchnaged at Dec 20, 2022 for principal and Dec 20, 2023 for markup.

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
9.2 Askari Bank Limited			
Opening balance		17,787	48,627
Repayments		(17,787)	(30,840)
		-	17,787
Less: Current and overdue portion		-	(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 Group in favor of lender with 25% margin and collection accounts with the Bank for routing of LDI receivables. During the period the Group repaid the loan.

Note 10

Sponsor's Loan

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Sponsor's Loan - unsecured			
- Interest bearing	10.1	499,200	466,050
- Non-interest bearing	10.2	832,714	950,589
		1,331,914	1,416,639
10.1 Opening balance		466,050	417,300
Exchange loss		33,150	48,750
		499,200	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 year and three months.

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 year and three months.

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

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
Opening balance	1,221,337	1,221,337
Less: Repayment during the period/year	(247,050)	-
Amount of loan	974,287	1,221,337
Adjustment due to impact of IFRS 9:		
Discounting	(406,813)	(406,813)
Unwinding of discount	265,240	136,065
	(141,573)	(270,748)
	832,714	950,589

Note 11
Lease Liabilities

	September 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------------(Rupees in '000)---------	
Opening balance	239,454	-
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Accrued lease rentals as at December 31, 2018	-	7,848
Add: Additions during the year	48,515	-
Add: Interest expense	26,665	29,626
Less: Lease payments	(31,592)	(48,867)
Gross liability	283,042	239,454
Less: Current and overdue portion	(98,660)	(63,869)
Closing balance	184,382	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 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

	Note	September 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		-------------(Rupees in '000)-------------	
Banking companies (secured - interest bearing):			
- Running finances	12.1	432,099	442,212
Related parties (unsecured - interest free):			
- Ferret Consulting F.Z.C.	12.2	62,028	363,726
- Worldcall Services (Private) Limited	12.3	-	128,108
		494,127	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 year on outstanding balances ranged from 10.36% to 16.06% (2019: 12.04% to 16.36%) per annum, effectively.

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

12.2 This represents interest free USD denominated loan received from M/s Ferret Consulting - F.Z.C to meet working capital requirements. The accumulated balance as at reporting date is USD 372,765 (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:

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	--------------(Rupees in '000)--------------	
Opening Balance	128,108	-
Amount paid by WSL on behalf of the Company	24,448	98,793
Funds received during the period / year	56,376	367,332
Repayments during the period / year	(208,932)	(344,459)
Expenses charged to the Company	-	6,442
	-	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 September 30, 2020 was Nil (2019: Nil) and Rs. 356.461 million (2019: Rs. 339.138 million) respectively.

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

Note 13

Contingencies and Commitments

Contingencies

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

	Note	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)--------------	
Guarantees and Letter of Credits			
Outstanding guarantees and letters of credit		356,461	339,138
Commitments			
Commitments in respect of capital expenditure		137,382	273,031

Note 14

Property, Plant and Equipment

	Note	September 30, 2020	December 31, 2019
Operating fixed assets	14.1	6,295,125	6,519,429
Capital work-in-progress		69,022	68,569
		6,364,147	6,587,998

14.1 Operating fixed assets

	Note	September 30, 2020	December 31, 2019
Opening book value		6,519,429	7,221,715
Additions during the period / year	14.1.1	73,088	76,704
		6,592,517	7,298,419
Disposals / settlement (at book value) for the period / year	14.1.2	(12,777)	(45,021)
Depreciation charged during the period / year		(284,615)	(733,969)
Closing book value		6,295,125	6,519,429

	September 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
14.1.1 Detail of additions	--------------(Rupees in '000)--------------	
Leasehold improvements	-	3,347
Plant and equipment	72,616	71,055
Office equipment	58	465
Furniture and fixtures	-	1,046
Computers	414	791
	73,088	76,704

14.1.2 Book values of assets disposed off

Leasehold improvements	-	3,901
Plant and equipment	12,777	39,009
Office Equipment	-	1,183
Computers	-	55
Furniture and fixtures	-	687
Laboratory and other equipment	-	186
	12,777	45,021

Note 15

Right of use assets

Opening balance	2,138,001	1,001,746
Add: Initial application of IFRS 16 on January 1, 2019	-	250,847
Add: Prepaid lease rentals as at December 31, 2018	-	3,493
Add: Additions during the year	281,156	1,012,725
Less: Depreciation charge for the period / year	(132,618)	(130,810)
Closing balance	2,286,539	2,138,001
Lease Term (Years)	**2 to 14**	**2 to 14**

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

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

Note 16

Revenue

		Nine Months Ended September 30, 2020	2019
		(Un-audited)	(Un-audited)
	Note	--------------(Rupees in '000)--------------	
Telecom	16.1	2,056,082	1,665,859
Broadband	16.2	592,542	1,756,879
Other		2,663	19,204
Gross revenue		2,651,287	3,441,942
Less: Sales tax		(25,191)	(39,209)
Less: Discount		(8,705)	(18,342)
		2,617,391	3,384,391

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 Company has legal right for recoverability and so the revenue has been booked accordingly. The resultant receivable is adjusted against the respective payable balance.

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

Note 17

Cash Used in Operations

	Nine Months Ended September 30, 2020	2019
	(Un-audited)	**(Un-audited)**
	--------------(Rupees in '000)--------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(8,722)	177,530
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	284,615	626,202
- Amortization on intangible assets	292,588	292,588
- Amortization of right of use assets	132,618	34,883
- Provision for expected credit losses on trade debts	72,200	37,219
- Loss / (Gain) on disposal of property, plant and equipment	(39)	(1,291)
- Revenue from IRU agreement	(249,785)	-
- Disposal of fiber under IRU arrangement	12,778	37,652
- Unclaimed liabilities written back during the period	(91,323)	(545,429)
- Reversal of provision for advance to suppliers	(3,692)	(1,189)
- Post employment benefits	36,635	48,418
- Dividend income on short term investments	(49)	-
- Adjustment due to impact of IFRS 9	(18,095)	(21,468)
- Income on deposits, advances and savings accounts	(17,477)	-
- Exchange loss on foreign currency loan	33,150	91,365
- Exchange loss on foreign currency accrued markup	2,717	-
- Exchange (gain)/loss on foreign currency balances - net	(12,947)	-
- Unwinding impact of liabilities under IFRS 9	167,283	134,167
- Imputed interest on lease liability	26,664	23,531
- Finance cost	241,005	222,311
	908,846	978,959
Operating profit before working capital changes	900,124	1,156,489
(Increase) / decrease in current assets		
- Stores and spares	6,905	13,468
- Trade debts	(36,060)	(149,919)
- Loans and advances	70,966	8,432
- Deposits and prepayments	(19,351)	(13,743)
- Other receivables	4,109	(8,050)
Increase / (decrease) in current liabilities		
- Unearned revenue	63,614	22,875
- Trade and other payables	(504,092)	(290,378)
	(413,909)	(417,315)
Cash generated from operations	486,215	739,174

Note 18

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	Nine Months Ended September 30, 2020 (Un-audited)	Nine Months Ended September 30, 2019 (Un-audited)
			--------------(Rupees in '000)	--------------
Worldcall Services (Private) Limited	Holding Company	Funds received by the Company during the period	56,376	179,280
		Funds repaid by the Company during the period	208,932	-
		Settlement with multimedia	24,448	76,043
		Markup on long term borrowings	53,834	49,050
		Exchange loss on markup	1,344	-
		Markup adjusted during the period	60,463	107,923
Worldcall Business Solutions (Private) Limited	Associate	Expenses borne on behalf of associate	10,211	14,082

Related party	Relationship	Nature of transaction	Nine Months Ended September 30, 2020 (Un-audited)	Nine Months Ended September 30, 2019 (Un-audited)
			--------------(Rupees in '000)	--------------
Worldcall Cable (Private) Limited	Associate	Expenses borne on behalf of associate	-	600
Worldcall Ride Hail (Private) Limited	Associate	Expenses borne on behalf of associate	-	14
Key management personnel	Associated persons	Salaries and employees benefits	71,168	96,319

Transactions during the period with foreign companies

Related party	Relationship	Nature of transaction	2020	2019
Ferret Consulting - F.Z.C	Associate	Net funds received by the Company during the year	4,500	286,907
		Direct Cost-IT Service	2,700	-
		Expenses Charged during the year	2,125	-
		Adjustment during the period	337,500	-

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

Outstanding Balance as at the period/year end

		September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		--------------(Rupees in '000)	--------------
Worldcall Services (Private) Limited	Sponsor's loan	1,331,914	1,416,639
	Accrued markup	60,463	5,285
	Short term borrowings	-	128,108
	Other receivable	(2,392)	-
Ferret Consulting - F.Z.C	Dividend on CPS	575,957	575,957
	Short term borrowings	62,028	363,726
Worldcall Business Solutions (Private) Limited	Other receivables	63,172	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	155,977	88,117
	Advance against expenses	9,749	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 financial statements, and should be read in conjunction with the Group's annual 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. Consequenlty difference may arise between carrying value and fair value estimates. The carrying value of all financial assets and liabilities reflected in the financial statemetns 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 Company's assets and liabilities that are measured at fair value at September 30, 2020:

	Level 1	Level 2	Level 3	Total
		Rupees in '000		
Assets				
Short-term investments	**48,915**	**-**	**-**	**48,915**

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

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

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the 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 Group does not have any reportable segments. Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The internal reporting provided to the CODM for the Group's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting 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 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 and intangible assets under IAS 36, 'Impairment of non financial assets';
- the impairment of investment in subsidiary;
- the net realizable value of inventory under IAS 2, 'Inventories'; and
- going concern assumption used for the preparation of these condensed interim 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 22

Date of Authorization for Issue

These condensed interim consolidated financial statements (un-audited) were approved and authorized for issue on 10 July 2021 by the Board of Directors of the Parent 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

Data

Entertainment

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