Quarterly Report

September 30, 2016

WorldCall Telecom Limited

WORLD CALL
An Omantel Company

عمانتل
Omantel
Together

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

30 SEPTEMBER 2016

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. Mehdi Mohammed Al Abduwani
Chief Executive Officer	Mr. Babar Ali Syed
Board of Directors	Mr. Mehdi Mohammed Al Abduwani (Chairman) Mr. Talal Said Marhoon Al Mamari (Vice Chairman) Mr. Aimen bin Ahmed Al Hosni Mr. Samy Ahmed Abdulqadir Al Ghassany Mr. Sohail Qadir Dr. Syed Salman Ali Shah
Chief Financial Officer	Mr. Muhammad Murtaza Raza
Executive Committee	Mr. Mehdi Mohammed Al Abduwani (Chairman) Mr. Talal Said Marhoon Al Mamari (Vice Chairman) Mr. Aimen Bin Ahmed Al Hosni (Member) Mr. Sohail Qadir (Member) Mr. Babar Ali Syed (CEO) (Member) Mr. Saud Mansoor Mohammed Al Mazrooei (Secretary)
Audit Committee	Mr. Talal Said Marhoon Al Mamari (Chairman) Mr. Aimen Bin Ahmed Al Hosni (Member) Dr. Syed Salman Ali Shah (Member) Mr. Mirghani Hamza Al Madani (Secretary)
Human Resource & Remuneration Committee	Mr. Talal Said Marhoon Al Mamari - (Chairman) Mr. Samy Ahmed Abdul Qadir Al Ghassany Mr. Aimen Bin Ahmed Al Hosni Mr. Sohail Qadir
Chief Internal Auditor	Mr. Mirghani Hamza Al Madani
Company Secretary	Mr. Saud Mansoor Mohammed Al Mazrooei
Auditors	Horwath Hussain Chaudhury & Co. Chartered Accountants
Legal Advisers	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant

Bankers	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Bank Islami (Pakistan) Ltd Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited IGI Investment Bank Limited JS Bank Limited MCB Bank Limited Mobilink Microfinance Bank Limited National Bank of Pakistan NIB Bank Limited Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited Tameer Microfinance Bank Limited The Bank of Punjab United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400. Tel: (021) 111-000-322
Registered Office/Head Office	67-A, C/III, Gulberg-III, Lahore, Pakistan Tel: (042) 3587 2633-38 Fax: (042) 3575 5231
Webpage	www.worldcall.com.pk

DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("Wordcall" or the "Company") are pleased to present the brief overview of the un-audited financial information for the nine months ended 30 September 2016.

Financial Overview

During the period under review, the Company closed its financial results on net loss after tax of Rs 1,825 million. The revenue has decreased from Rs 1,529 million to Rs 1,222 million showing a decline of 20% against the comparative period. Financial performance was also suppressed by higher charge of network depreciation and hefty fixed cost resulting in gross loss of Rs 691 million. Operating cost has reflected a saving of 7%. After taking effects of finance cost and tax, the Company has closed the period at a net loss.

Future Outlook

Despite the challenges being faced, the Company remains focused on enhancing the profitable revenue streams and rationalization of overall cost base with a view to improve the bottom line. Major focus is towards broadband segment to seize the tremendous available opportunities after launch of 3G/4G data services. Digital offering has been actualized with state of the art CAS enabled for bouquet and subscription management along with revenue assurance. Management plans to restructure the wireless brandband business with major focus on reduction in fixed operational cost. Furthermore, after annulment of ICH in 2015, the Company has successfully re build LDI business structure to materialize its share from market with focus on continuous improvement. Cost reduction initiatives have been undertaken to rationalize the expenses. Conversely, the Company is also in process of rescheduling existing finance liabilities which would considerably ease the burden in meeting financial obligations. Financial indicators are thus expected to improve in near future.

In pursuance of a strategy of achieving desired results through revamping of the Company's organizational structure, a Share Purchase Agreement ("SPA") dated 11 October 2016 has been entered between the Parent company, Worldcall Services (Private) Limited ("WSL") and Ferret Consulting – F.Z.C (a company based in the United Arab Emirates). (hereinafter collectively also referred to as the "Acquirers").As per the SPA, WSL shall acquire the 56.8% ordinary shares (488,839,429 ordinary shares) of the Company that are held by the Parent company and Ferret Consulting – F.Z.C shall acquire the 85% CPS aggregating 297,500 CPS that are held by the Parent company on fulfilment of certain terms and conditions.

Company's staff and customers

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

For and on behalf of the Board of Directors

Muscat
09 May 2017

Babar Ali Syed
Chief Executive Officer

WORLD CALL
An Omantel Company

ڈائریکٹرز کا جائزہ

ورلڈ کال ٹیلی کام لمیٹڈ (''ورلڈ کال''یا''کمپنی'') کے بورڈ آف ڈائریکٹر 30 ستمبر 2016 ءکو اختتام پذیر غیر آڈٹ سہ ماہی میں معلومات کا مختصر جائزہ پیش کرنے میں فخر محسوس کرتے ہیں۔

مالیاتی جائزہ

زیر جائزہ مدت کے دوران، کمپنی نے اپنے مالیاتی نتائج کو ٹیکس کے بعد خالص نقصان 1825 ملین روپے پر بند کیا ہے۔ کمپنی کی آمدنی تقابلی مدت میں 1529 ملین روپے سے اس سال 1222 ملین روپے کم ہو چکی ہے (20 فیصد کمی کے ساتھ) بھاری فرسودگی اور فنکس کاسٹ نے 691 ملین روپے کے مجموعی نقصان میں اہم کردار ادا کیا ہے۔ آپریٹنگ لاگت میں 7 فیصد کی بچت ہوئی ہے۔ فنانس لاگت اور ٹیکس کے بعد کمپنی نے موجودہ پریڈ کو مجموعی نقصان پر بند کیا ہے۔

مستقبل کا نقطہءِ نظر

باوجود درپیش چیلنجز کے کمپنی نتائج کو بہتر بنانے کے لئے منافع بخش آمدنی میں اضافہ اور مجموعی لاگت کو مجوزہ بنانے پر اپنی توجہ مرکوز کر رکھی ہے۔ 3G/4G سروس کے اجرا کے بعد کمپنی براڈ بینڈ سیگمنٹ میں زبردست دستیاب مواقع پر کمپنی نے توجہ مرکوز کر رکھی ہے۔ مینجمنٹ مقرر اپریشنل لاگت میں کمی پر توجہ کے ساتھ وائرلیس براڈ بینڈ کاروبار کی تنظیم نو کرنے کے لئے منصوبہ بنا رہی ہے۔ مزید براں 2015 میں ICH کے فسق کے بعد مسلسل بہتری پر توجہ کے ساتھ LDI کاروبار کی تنظیم نو سے کمپنی اپنا مارکیٹ شئیر کامیابی کے ساتھ حاصل کر رہی ہے۔ لاگت میں کمی کے لئے اخراجات کو معقول بنانے کے لئے اقدامات کیئے جا رہے ہیں۔ اس کے برعکس کمپنی اپنے فنانس واجبات کو فوف آسانی سے ادا کرنے کے لئے فنانس واجبات کی ری شیڈولنگ کر رہی ہے۔ اس طرح مستقبل قریب میں مالیاتی پوزیشن کے بہتر ہونے کی امید ہے۔

حسب منشاء نتائج حاصل کرنے کے لئے حکمت عملی پر کام کو آگے بڑھانے کے لئے کمپنی کے تنظیمی ڈھانچے کی تجدید کی گئی اور ابائی کمپنی ورلڈ کال سروسز (پرائیویٹ) لمیٹڈ (''WSL'') اور فیرٹ کنسلٹنگ۔ FZC (جس کی بنیاد متحدہ عرب امارات میں ہے)......(بعد میں مجموعی طور پر اسے ''ا یکوئیررز'' کہا گیا) کے مابین 11 اکتوبر 2016ء کو حصص کی خرید کا معاہدہ ("SPA") طے پایا۔ SPA کے مطابق، WSL کمپنی کے 56.8 فیصد عمومی حصص (488,838,429 عمومی حصص) کا مالک ہوگا جو ابائی کمپنی کے پاس موجود ہیں۔ اور چند قواعد وضوابط پر عمل کرتے ہوئے فیرٹ کنسلٹنگ۔ FZC ابائی کمپنی کے پاس موجود CPS میں سے 85 فیصد CPS مجموعی طور پر 297,500 CPS کی مالک ہوگی۔

کمپنی کے ملازمین اور صارفین

ہم تہہ دل سے کمپنی کے تمام ملازمین اور صارفین کے شکر گزار ہیں۔ جنہوں نے اس کشیدگی اور دباؤ کے حالیہ دنوں میں کمپنی کی خدمات پر اعتماد کیا اور اپنی کوششیں جاری رکھیں۔

بحکم بورڈ آف ڈائریکٹر

Babarali

بابر علی سید

چیف ایگزیکٹو آفیسر

مسقط

09 مئی 2017

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2016

	Note	30 September 2016 Un-Audited	31 December 2015 Audited
		-----------(Rupees in '000)-----------	
NON-CURRENT ASSETS			
Property, plant and equipment	5	**8,293,909**	8,084,786
Intangible assets	6	**3,186,855**	2,352,039
Investment properties		**38,520**	38,520
Long term trade receivables		**80,928**	91,953
Deferred taxation		**1,191,001**	1,500,000
Long term loans - considered good		**3,694**	2,878
Long term deposits		**34,338**	36,046
		12,829,245	12,106,222
CURRENT ASSETS			
Stores and spares		**88,224**	115,535
Stock-in-trade		**67,244**	67,175
Trade debts		**600,798**	481,246
Loans and advances		**169,273**	80,590
Deposits and prepayments		**415,849**	420,179
Short term investments		**160,251**	87,860
Other receivables		**151,958**	300,149
Income tax recoverable - net		**30,976**	43,730
Cash and bank balances		**13,761**	29,900
		1,698,334	1,626,364
Non-current assets classified as held for sale	7	**-**	892,883
		1,698,334	2,519,247
CURRENT LIABILITIES			
Current maturities of non-current liabilities		**5,242,396**	5,231,057
Short term borrowings - secured		**576,297**	563,902
License fee payable		**1,021,500**	1,021,500
Trade and other payables		**11,501,800**	10,703,621
Interest and mark up accrued		**350,633**	253,644
		18,692,626	17,773,724
NET CURRENT LIABILITIES		**(16,994,292)**	(15,254,477)
NON-CURRENT LIABILITIES			
Term finance certificates - secured	8	**-**	-
Long term loans - secured	9	**56,750**	87,750
Retirement benefits		**421,054**	373,999
Liabilities against assets subject to finance lease		**-**	1,609
Long term payables		**688,378**	526,250
Long term deposits		**35,136**	35,136
		1,201,318	1,024,744
Contingencies and commitments	10		
		(5,366,365)	(4,172,998)
REPRESENTED BY			
EQUITY			
Share capital and reserves:			
Authorized share capital			
1,500,000,000 (31 December 2015: 1,500,000,000) ordinary shares of Rs 10 each		**15,000,000**	15,000,000
500,000 (31 December 2015: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs 6,000,000,000)		**6,000,000**	6,000,000
Ordinary share capital		**8,605,716**	8,605,716
Preference share capital		**3,537,700**	3,537,700
Capital reserves:			
- Share premium		**837,335**	837,335
- Fair value reserve		**95,362**	22,971
- Exchange translation reserve		**128,550**	130,300
Revenue reserve: Accumulated loss		**(19,292,027)**	(17,307,020)
		(6,087,364)	(4,172,998)
Surplus on revaluation of fixed assets		**720,999**	-
		(5,366,365)	(4,172,998)

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

Chief Executive Officer | **Director**

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Nine months ended 30 September 2016 Un-Audited	Nine months ended 30 September 2015 Un-Audited	Quarter ended 30 September 2016 Un-Audited	Quarter ended 30 September 2015 Un-Audited
	--------------------------(Rupees in '000)--------------------------			
Revenue - net	**1,222,343**	1,528,688	**410,524**	555,122
Direct cost	**(1,913,766)**	(2,227,318)	**(745,618)**	(709,306)
Gross loss	**(691,423)**	(698,630)	**(335,094)**	(154,184)
Operating cost	**(802,690)**	(866,505)	**(276,340)**	(243,054)
Operating loss	**(1,494,113)**	(1,565,135)	**(611,434)**	(397,238)
Finance cost	**(415,069)**	(454,430)	**(154,154)**	(132,284)
	(1,909,182)	(2,019,565)	**(765,588)**	(529,522)
Other income	**117,463**	121,666	**3,081**	92,083
Other expenses	**-**	(310,959)	**66,709**	(218,033)
Loss before taxation	**(1,791,719)**	(2,208,858)	**(695,798)**	(655,472)
Taxation	**(32,909)**	(705,986)	**(10,410)**	112,609
Loss after taxation	**(1,824,628)**	(2,914,844)	**(706,208)**	(542,863)
Basic and diluted loss per share (Rupees)	**(2.31)**	(3.59)	**(0.88)**	0.69

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

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Nine months ended 30 September 2016 Un-Audited	Nine months ended 30 September 2015 Un-Audited	**Quarter ended 30 September 2016 Un-Audited**	Quarter ended 30 September 2015 Un-Audited
	-------------------(Rupees in '000)-------------------			
Loss for the period	**(1,824,628)**	(2,914,844)	**(706,208)**	(542,863)
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss:				
- Change in fair value of available-for-sale financial assets	**72,391**	22,162	**84,177**	(12,622)
- Gain on revaluation of fixed assets	**720,999**	-	**-**	-
Items that will not be reclassified to profit or loss				
- Impairment loss of property, plant and equipment set off against surplus on revaluation - net of tax	**-**	-	**-**	-
Other comprehensive income/(loss) - net of tax	**793,390**	22,162	**84,177**	(12,622)
Total comprehensive loss for the period - net of tax	**(1,031,238)**	(2,892,682)	**(622,031)**	(555,485)

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

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Note	**Nine months ended 30 September 2016 Un-Audited**	Nine months ended 30 September 2015 Un-Audited
		--------------(Rupees in '000)	**--------------**
Cash flows from operating activities			
Cash generated from operations	11	**111,407**	276,982
(Increase)/decrease in non-current assets:			
- Long term deposits		**1,708**	(31,077)
- Long term loans		**(816)**	824
- Long term trade receivable		**11,025**	14,575
(Decrease)/increase in non-current liabilities:			
- Long term deposits		**-**	(385)
- Long term payables		**-**	12,482
Retirement benefits paid		**(21,405)**	(35,845)
Finance cost paid		**(72,542)**	(178,035)
Taxes paid		**(20,155)**	(33,999)
Net cash inflow from operating activities		**9,222**	25,522
Cash flows from investing activities			
Fixed capital expenditure		**(22,812)**	(304,472)
Proceeds from disposal of property, plant and equipment		**4,575**	38,797
Net cash outflow from investing activities		**(18,237)**	(265,675)
Cash flows from financing activities			
Proceeds from long term loan acquired		**-**	3,555,300
Initial loan transaction cost paid		**-**	(39,616)
Repayment of term finance certificates		**-**	(126,625)
Repayment of long term loan		**(18,500)**	(3,432,447)
Running finance - net		**12,395**	(77,509)
Repayment of short term borrowings - net		**-**	-
Repayment of liabilities against assets subject to finance lease		**(1,019)**	(788)
Net cash outflow from financing activities		**(7,124)**	(121,685)
Net decrease in cash and cash equivalents		**(16,139)**	(361,838)
Cash and cash equivalents at the beginning of the period		**29,900**	749,999
Cash and cash equivalents at the end of the period		**13,761**	388,161

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

Chief Executive Officer **Director**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Share Capital		Capital Reserves			Revenue Reserve	
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve	Exchange translation reserve	Accumulated loss	Total
	(Rupees in '000)						
Balance as at 31 December 2014 (Audited)	8,605,716	3,537,700	837,335	3,276	(16,700)	(6,373,241)	6,594,086
Loss for the period	-	-	-	-	-	(2,914,844)	(2,914,844)
Other comprehensive loss for the period - net of tax	-	-	-	22,162	-	-	22,162
Total comprehensive loss for the period - net of tax	-	-	-	22,162	-	(2,914,844)	(2,892,682)
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	71,202	71,202
Exchange translation reserve	-	-	-	-	133,000	(133,000)	-
Dividend on preference shares	-	-	-	-	-	(172,481)	(172,481)
Total transactions with owners, recognized directly in equity	-	-	-	-	133,000	(305,481)	(172,481)
Balance as at 30 September 2015 (Un-Audited)	8,605,716	3,537,700	837,335	25,438	116,300	(9,522,364)	3,600,125
Loss for the period	-	-	-	-	-	(7,718,043)	(7,718,043)
Other comprehensive (loss)/income for the period - net of tax	-	-	-	(2,467)	-	11,819	9,352
Total comprehensive loss for the period - net of tax	-	-	-	(2,467)	-	(7,706,224)	(7,708,691)
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	(8,083)	(8,083)
Exchange translation reserve	-	-	-	-	14,000	(14,000)	-
Dividend on preference shares	-	-	-	-	-	(56,349)	(56,349)
Total transactions with owners, recognized directly in equity	-	-	-	-	14,000	(70,349)	(56,349)
Balance as at 31 December 2015 (Audited)	8,605,716	3,537,700	837,335	22,971	130,300	(17,307,020)	(4,172,998)
Loss for the period	-	-	-	-	-	(1,824,628)	(1,824,628)
Other comprehensive income for the period - net of tax	-	-	-	72,391	-	-	72,391
Total comprehensive income/(loss) for the period - net of tax	-	-	-	72,391	-	(1,824,628)	(1,752,237)
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	-	-
Exchange translation reserve	-	-	-	-	(1,750)	1,750	-
Cost of issuance of preference shares						-	-
Dividend on preference shares	-	-	-	-	-	(162,129)	(162,129)
Total transactions with owners, recognized directly in equity	-	-	-	-	(1,750)	(160,379)	(162,129)
Balance as at 30 September 2016 (Un-Audited)	8,605,716	3,537,700	837,335	95,362	128,550	(19,292,027)	(6,087,364)

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

Chief Executive Officer | **Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

1. Legal status and nature of business

Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on 15 March 2001 under the Companies Ordinance, 1984 and its shares are quoted on the Pakistan Stock Exchange. The Company commenced its operations on 01 December 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan and re-broadcasting international/national satellite/terrestrialwireless and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Company is situated at 67A, C-III, Gulberg III, Lahore.

Oman Telecommunications Company SAOG (the "Parent company") owns 488,839,429 ordinary shares i.e. 56.80% (2015: 488,839,429 ordinary shares - 56.80%) and 350,000 preference shares - 100% (2015 : 200,000 preference shares - 57.14%) of the Company.

As stated in Note 2.5, a share purchase agreement (SPA) has been signed subsequent to the nine months ended September 30, 2016, between the Parent company and the acquirers, through which 488,839,429 ordinary shares (56.80% ordinary shares) and 297,500 preference shares (85% preference shares) of the Company shall be acquired by the acquirers from the Parent company. The execution of the said SPA is in process.

2. Basis of preparation

2.1 This condensed interim financial information of the Company for the nine months ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended December 31, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended December 31, 2015 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the nine months ended September 30, 2015.

2.3 The preparation of these condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended December 31, 2015.

2.4 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.5 Going concern assumption

The Company has incurred a loss after taxation of Rs. 1.825 billion during the nine months ended September 30, 2016. As of that date, the accumulated loss stands at Rs. 19.292 billion and current liabilities exceed current assets by Rs. 16.994 billion and the Company has a negative equity of Rs. 5.366 billion as of that date. These conditions, along with the factors discussed in the foregoing paragraphs and note 10, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of this condensed interim financial information is appropriate based on the following grounds:

2.5.1 'Subsequent to the nine months ended September 30, 2016, a Share Purchase Agreement ("SPA") dated October 11, 2016 has been entered between the Parent company, Worldcall Services (Private) Limited ("WSL") and Ferret Consulting – F.Z.C (a company based in the United Arab Emirates), as stated in the extracts of minutes of the Company's Board of Directors' meeting held on October 16, 2016. The Company's Chief Executive, Chief Financial Officer and Officiating Company Secretary are majority shareholders of WSL and Ferret Consulting – F.Z.C. (hereinafter collectively also referred to as the "Acquirers").

As per the terms of the SPA, the Parent company will provide a funding of USD 11.5 million (approximately Rs. 1,202.9 million) to the Company in tranches which will be waived off later on the successful execution of the SPA. Moreover, liability of the Company towards the Parent company amounting to Rs. 2,915.97 million will be written off by the Parent company and NBO's loan of USD 35 million (Rs. 3,668 million) along with its accrued markup will be novated to the Parent company on successful execution of the SPA. As part of the SPA, WSL will also provide USD 4 million (approximately Rs. 418.40 million) to the Company in tranches as a loan that will not be repaid before the completion of SPA.

2.5.2 'Based on the above factors, the Company's BOD in consultation with the Acquirers, has approved a business plan that includes investment in infrastructure of Broadband business to enhance its customer base, capacities and resultant sales volumes, increase in international termination revenue, enhancement of EVDO business, sale of passive infrastructure (towers, civil works and gensets etc.) and properties, containment of excess costs through layoffs and retrenchment to achieve right sizing of the human resources (major portion has already been executed by November 2016); and using the proceeds therefrom for other profitable operations and settling liabilities.

Subsequent to the the nine months ended September 30, 2016, the Company has received USD 8 million (USD 4 million each from the Parent company and WSL) in November 2016. The funds received and to be received from the Parent company and WSL under the terms of the SPA have been and will be mainly applied in partially settling overdue and outstanding operational, financial and statutory liabilities. Apart from the SPA, WSL will further arrange to provide USD 5 million (approximately Rs 523 million). The management intends to apply these funds for replenishment of the Company's inventory, mainly for the purchase of Customer Premises Equipment (CPEs) in order to increase customer base and revenue.

2.5.3 'Furthermore, WSL, based on certain commitments of an investor, has assured support to the Company for continuing as a going concern through its letter to the Company's Board of Directors. In view of above factros, the management believes that the risks posed by material uncertainties leading to a significant doubt about going concern have been properly mitigated. Consequently, this financial information has been prepared on the assumption that the Company will continue as a going concern.

3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended 31 December 2015.

4. Significant accounting judgments and estimates

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2015.

	Note	**30 September 2016 Un-Audited**	31 December 2015 Audited
5. Property, plant and equipment		**(Rupees in '000)**	(Rupees in '000)
Operating fixed assets	5.1	**8,183,352**	7,981,158
Capital work-in-progress		**108,951**	99,838
Major spare parts and stand-by equipment		**1,606**	3,790
		8,293,909	8,084,786

5.1 Operating fixed assets

	Note	30 September 2016	31 December 2015
Opening book value		**7,981,158**	11,641,345
Additions during the period/year	5.2	**15,838**	361,710
Revaluation surplus		**-**	1,050,223
Transfer from non-current assets classified as held for sale		**892,883**	-
		8,889,879	13,053,278
Disposals (at book value) for the period/year	5.3	**(2,442)**	(44,460)
Assets written off during the period/year		**-**	(30,405)
Impairment of assets		**-**	(3,823,790)
Transferred out to non-current assets classified as held for sale		**-**	-
Depreciation charged during the period/year		**(704,085)**	(1,173,465)
Closing book value	5.4	**8,183,352**	7,981,158

5.2 Following is the detail of additions

	30 September 2016	31 December 2015
Leasehold improvements	**-**	6,926
Plant and equipment	**15,382**	351,138
Office equipment	**-**	367
Furniture and fixtures	**-**	34
Computers	**456**	3,245
	15,838	361,710

5.3 Following are the book values of disposals

	30 September 2016	31 December 2015
Plant and equipment	**-**	3,227
Computers	**-**	495
Vehicles	**2,442**	40,738
	2,442	44,460

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

	Note	30 September 2016 Un-Audited	31 December 2015 Audited
		------------(Rupees in '000)-----------	
6. Intangible assets			
Licenses		**2,693,780**	1,817,626
Indefeasible right of use - media cost		**488,563**	527,764
Softwares		**4,512**	6,649
		3,186,855	2,352,039

6.1 At the reporting date licenses and softwares were revalued by an independent professional valuer M/s Arch-E'-Decon.

	Note	30 September 2016 Un-Audited	31 December 2015 Audited
		------------(Rupees in '000)-----------	
7 Non-current assets classified as held for sale			
Long term investment classified as held for sale	7.1	**-**	-
Plant and equipment classified as held for sale	7.2	**-**	892,883
		-	892,883

7.1 This represented the the investment of the the Company in foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited ("the Subsidiary"). Owing to decline of demand of payphones and continuing losses, the shareholder of that company applied for its winding up and the company was volunatrily wound up by the Commercial High Court of the Western Province, Colombo, Sri Lanka, ("Commercial High Court") vide order dated June 16, 2015. Thus, investment in subsidiary was written off accordingly.

7.2 Plant and equipment classified as held for sale

Opening balance	**892,883**	1,120,502
Disposal during the year	**-**	(22,694)
Impairment during the year	**-**	(204,925)
Transferred to operating fixed assets	**(892,883)**	-
Closing balance	**-**	892,883

This represented Passive infrastructure (towers, civil works and gensets etc.) relating to WLL operations of the Company. An active plan to sell these assets was commenced in 2014 and a sale agreement was signed with Towershare (Private) Limited ("Towershare") on October 01, 2014, Accordingly, these assets were classified as held for sale under IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations". However, Towershare did not take transfer of all sites as per the aforementioned sale agreement. In view of the non-conclusion of the sale agreement with Towershare, these have now been re-classified to property, plant and equipment (Note 5.1).

8. Term finance certificates - secured	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)	------------
Term finance certificates	**1,643,736**	1,643,735
Restructuring cost	**(13,480)**	(13,480)
	1,630,256	1,630,255
Amortization of restructuring cost	**13,480**	13,480
	1,643,736	1,643,735
Redeemed	**(126,625)**	(126,625)
	1,517,111	1,517,110
Current maturity	**(1,517,111)**	(1,517,110)
	-	-

Term Finance Certificates (TFCs)

Term finance certificates (TFCs) have a face value of Rs. 5,000 per certificate. These TFCs carry mark up at the rate of six month average KIBOR plus 1.60% per annum, payable semi-annually. The mark up rate charged during the quarter on the outstanding balance ranges from 7.96% to 8.19% (2015: 8.67% to 11.79%) per annum.

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

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

(b) Assigned frequency spectrum as per deed of assignment.

These TFCs were earlier rescheduled in December 2012, under which the principal was repayable in three semi-annual installments ending on October 07, 2015. In July 2014, the Company initiated the process of second rescheduling with the TFC holders. As per terms of second rescheduling, payments in respect of principal and markup aggregating to Rs 173.375 million were required to be made during nine months ended September 30, 2016, which were not paid, hence constituting a default as per the terms. Consequently, the total amount has become immediately payable.

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

9. Long term loans - secured	Note	30 September 2016 Un-Audited	31 December 2015 Audited
		------------(Rupees in '000)	------------
Askari Bank Limited	9.1	**-**	-
National Bank of Oman (NBO)	9.2	**-**	-
Soneri Bank Limited	9.3	**-**	-
Allied Bank Limited	9.4	**56,750**	87,750
		56,750	87,750

9.1 Askari Bank Limited	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)------------	
Receipt	-	2,943,855
Initial transaction cost	-	(129,365)
	-	2,814,490
Amortization of transaction cost	-	129,365
	-	2,943,855
Exchange loss	-	557,729
	-	3,501,584
Repaid	-	(3,501,584)
	-	-
Current maturity	-	-
	-	-

This represented foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Off-Shore Banking Unit, Bahrain, with the lead arranger being Askari Bank Limited. In September 2014, the Company in agreement with Askari Bank Limited, arranged a financing from consortium of banks comprising National Bank of Oman ("NBO") and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger, whereby loan from Askari Bank Limited was fully repaid from the proceeds of the loan from the consortium.

9.2 National Bank of Oman	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)------------	
Receipt	**3,555,300**	3,555,300
Initial transaction cost	**(39,616)**	(39,616)
	3,515,684	3,515,684
Amortization of transaction cost	**39,616**	39,616
	3,555,300	3,555,300
Exchange loss	**110,950**	112,700
	3,666,250	3,668,000
Current maturity	**(3,666,250)**	(3,668,000)
	-	-

This represents foreign currency syndicated loan facility ("facility") amounting to USD 35 million from National Bank of Oman (NBO) and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. The loan was disbursed on June 30, 2015 and the loan proceeds were used to clear liablities of Askari Bank Limited as stated in note 9.1. The NBO loan is repayable in 16 quarterly installments commencing from September 30, 2017. Profit is payable quarterly and is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum. The mark up rate charged during the period on the outstanding balance ranged from 3.86% to 3.88% (2015: 3.53% to 3.58%) per annum. To secure the facility, corporate guarantee of the Parent company was furnished along with a provision for cash cover / direct debit of the Parent company's bank account in the event of the Company's failure to fund obligations under the facility agreement.

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

	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)------------	
9.3 Soneri Bank Limited		
Receipt	**66,756**	66,756
Repaid	**(48,191)**	(48,191)
	18,565	18,565
Current maturity	**(18,565)**	(18,565)
	-	-

This facility was initially repayable in 23 monthly installments ending on February 28, 2016. This facility was rescheduled later in August 2016 the effect of which shall be disclosed in the annual financial statements. The facility carries mark up at one month KIBOR plus 3% per annum and is payable monthly. The mark up rate charged during the year on the outstanding balance ranged from 9.22% to 9.52% (2015: 9% to 12.90%) per annum. It is secured through joint pari passu hypothecation agreement over current and movable fixed assets.

	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)------------	
9.4 Allied Bank Limited		
Transferred from running finance	**125,000**	125,000
Repaid	**(29,750)**	(11,250)
	95,250	113,750
Current maturity	**(38,500)**	(26,000)
	56,750	87,750

This represents a term loan facility of Rs. 125 million obtained through restructuring of running finance facility. This facility was rescheduled in January 2015 and is now repayable in 43 monthly installments ending on July 31, 2018. It carries mark up at one month KIBOR plus 3% per annum till March 31, 2015, and was payable monthly. The mark up rate with effect from April 01, 2015, is 3 months KIBOR plus 0.5% per annum to be reset and recoverable quarterly. The mark up rate charged during the period on the outstanding balance ranged from 6.85% to 6.99% (2015: 7.10% to 12.13%) per annum. It is secured through joint pari passu charge on present and future current and fixed assets excluding land and building of the Company with 25% margin.

10. Contingencies and commitments

Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended December 31, 2015 exception for the following:

10.1 Disputes with PTA

(i) The Company is contingently liable to PTA against demand of Rs. 242.66 million on account of annual spectrum fee and other regulatory charges. Being aggrieved, the Company's management preferred an appeal before the Honorable Lahore High Court ("LHC") against the PTA's determination. LHC has granted stay against the recovery subject to payment of Rs. 40 million which was complied by the Company. Based on the advice of the Company's legal counsel, Company's management feels that there are strong grounds to defend the Company's position and the ultimate decision would be in Company's favor. The management has therefore not provided for the excess liability in these financial statements.

(ii) PTA has raised demand amounting to Rs. 67.43 million on account of Annual Radio Regulatory Dues for the year ended 2013 and 2014. The Company has filed a writ petition before Lahore High Court challenging the constitutionality of this demand and is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

(iii) PTA has raised demand amounting to Rs. 29.77 million on account of using extra Radio Spectrum not assigned to the Company. The Company has challenged this amount before Islamabad High Court which has suspended the demand of PTA. The management is hopeful that its viewpoint shall be upheld; thus no provision has been incorporated in these financial statements against this demand.

10.2 Others

(i) The Company acquired Indefeasible Right to Use ("IRU") of media and related Operations and Maintenance Services ("O&M") from Multinet Pakistan (Private) Limited under an agreement entered in August 2011. An agreement between the parties was reached in April 2015 for such amounts whereby it was decided that monthly payments in respect of O&M will be made by the Company and the schedule of due payments under IRU agreement shall be mutually agreed by June 30, 2016. Before such date, however, MPL illegally disconnected its services to the Company and filed a petition before the Sindh High Court for recovery of dues amounting to USD 7.03 million, allegedly due under the stated agreement, Such suit is pending adjudication.

The management believes that MPL's claim is invalid since its major portion relates to the un-utilized future period, for which MPL is/was under contractual obligation to provide media to the Company. However, the subject media/services have never been provisioned therefore MPL is not entitled to claim any amount for media or services which has never been provisioned. As the Company holds an indefeasible right to use MPL's media for the contract duration of 15 years, early and unilateral termination of services by MPL, amounts to a breach. Under these circumstances, the Company can use its express contractual rights to reclaim amounts relating to un-utilized future period on a prorata basis. Moreover, MPL is also liable to make payments to the Company on account of different services received from the Company. While the Company is in the process of preparing its defense in respect of challenging the amount of and MPL's right to receive these dues, it has also filed an application before SHC to refer the matter to Arbitration as per the dispute resolution mechanism contained in the agreement signed in August 2011. Based on the advice of the Company's legal counsel, the management is of the view that it is unlikely that any adverse order will be passed against the Company.

	30 September 2016 Un-Audited	31 December 2015 Audited
	------------(Rupees in '000)	**-------------**
Outstanding guarantees	**856,942**	869,779
Commitments		
Commitments in respect of capital expenditure	**286,812**	504,164

	Nine months ended 30 September 2016 Un-Audited	Nine months ended 30 September 2015 Un-Audited
	------------(Rupees in '000)------------	
11. Cash generated from operations		
Loss before taxation	**(1,791,719)**	(2,208,858)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	**704,085**	874,795
- Amortization on intangible assets	**195,182**	195,182
- Amortization of transaction cost	**-**	89,461
- Amortization of long term trade receivables	**(11,484)**	(12,098)
- Provision for doubtful debts	**5,790**	70,983
- Reversal of provision for doubtful debts	**-**	(43,627)
- Provision for stock-in-trade and stores and spares	**10,842**	1,713
- Write back of liabilities	**(99,506)**	-
- Exchange loss/(gain) on foreign currency loan	**(1,750)**	131,434
- Gain on sale of property, plant and equipment	**(2,134)**	(791)
- Retirement benefits	**68,462**	65,047
- Finance cost	**415,069**	364,969
Loss before working capital changes	**(507,163)**	(471,790)
Effect on cash flow due to working capital changes:		
Decrease/(increase) in the current assets:		
- Stores and spares	**16,509**	34,316
- Stock-in-trade	**(69)**	(196)
- Trade debts	**(113,854)**	(119,381)
- Loans and advances	**(88,683)**	(86,708)
- Deposits and prepayments	**4,330**	214
- Other receivables	**148,190**	30,781
Increase/(decrease) in current liabilities:		
- Trade and other payables	**652,147**	889,746
	618,570	748,771
	111,407	276,982

12. Related party transactions

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

Relationship with the Company	Nature of transactions	**Nine months ended 30 September 2016 Un-Audited**	Nine months ended 30 September 2015 Un-Audited
		----------(Rupees in '000)-----------	
Parent company	Dividend on preference shares	**162,129**	96,732
	Management fee on preference shares	**136,197**	113,825
	Sale of goods and services	**13,192**	19,748
Other related parties	Purchase of goods and services	**-**	61,415
Key management personnel	Salaries and other employee benefits	**219,402**	233,686
	Sale of vehicle	**648**	-

Period/year end balances		**30 September 2016 Un-Audited**	31 December 2015 Audited
		----------(Rupees in '000)-----------	
Omantel	Trade creditors	**2,915,967**	2,684,723
WSL	Advance to supplier	**2,109**	2,109
	Trade creditors	**23,121**	23,121
Key management personnel	Payable against expenses, salaries and other employee benefits	**81,844**	77,405
		3,694	5,564

13. Financial risk management

13.1 Financial risk factors

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2015.

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

13.2 Liquidity risk

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

13.3 Fair value estimation

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

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

The following table presents the Company's assets and liabilities that are measured at fair value at 30 September 2016.

	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Assets				
Available-for-sale investments	**160,251**	**-**	**-**	**160,251**
Liabilities	**-**	**-**	**-**	**-**

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Assets				
Available-for-sale investments	87,860	-	-	87,860
Liabilities	-	-	-	-

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

14. Date of authorization for issue

This condensed interim financial information was authorized for issue on 09 May 2017 by the Board of Directors of the Company.

15. 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. Following re-arrangements / reclassifications have been made in these financial information for better presentation:

Nature	From	To	Amount (Rupees in '000)
Payable to PTA against APC charges	Current Portion of Non-Current Liabilities	Trade and other payables	1,766,190
Deposit in escrow account	Cash and bank balances	Deposits and prepayments	368,767
Payable to Multinet Pakistan (Private) Limited ("MPL")	Current Portion of Non-Current Liabilities	Trade and other payables	616,660

Chief Executive Officer

Director

Data

Entertainment

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