

**QUARTERLY ACCOUNTS
(Un-Audited)**

31 March 2007

VISION

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

MISSION STATEMENT

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

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

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

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

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

Contents

Page Seven

Company information

Page Eight

Directors' review

Page Ten

Condensed balance sheet

Page Eleven

Condensed profit & loss account

Page Twelve

Condensed cash flow statement

Page Thirteen

Condensed statement of changes in equity

Page Fourteen

Notes to the condensed financial statements

Page Nineteen

Condensed consolidated financial statements

COMPANY INFORMATION

Board of Directors	Sulieaman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Aamna Taseer Shaan Taseer Jamal Said Al-Ojaili Babar Ali Syed Air Vice Marshal (R) Syed Imtiaz Hyder Abid Raza Arshed Ahmed Khan
Chief Financial Officer	Muhammad Naveed Tariq
Audit Committee	Babar Ali Syed (Chairman) Aamna Taseer Arshed Ahmed Khan
Company Secretary	Ahmad Bilal
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	Hosain & Rahim Advocates
Bankers	Allied Bank Limited Askari Commercial Bank Limited Bank Alfalah Limited Citibank, N.A. Pakistan Faysal Bank Limited First Woman Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Saudi Pak Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor State Life Building-3, Dr. Zia-ud-Din Ahmed Road Karachi ☎ (021) 111-000-322
Registered Office/Head Office	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 Fax: (042) 5757590, 5877920

DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present the financial statements for the 3rd Quarter ended March 31, 2007.

Financial Overview

During the nine months period Company's profit after tax is Rs. 565.7 million which is approximately thrice the profit after tax (Rs. 196.6 million) of the same period of the previous year. As far as the quarter ended March 31, 2007 is concerned profit after tax for the current quarter is Rs. 179.3 million which is 64% more than the profit after tax (Rs. 109 million) of the corresponding quarter of the previous year. The revenues for the period fell a bit as compared to the corresponding period of the previous year due to the reduction of rates. Factors for increase in profit after tax despite reduction of revenues are decrease in direct cost and operating cost and increase in re-measurements at fair values of investment. Direct cost and operating cost for the period under review decreased by 23% and 4% respectively compared to the corresponding period of the previous year. The direct cost for the period under review decreased due to reduction in APC and CPP rates while decrease in operating cost is due to management's continuing endeavors for best utilization of resources. The Earning Per Share (EPS) for the nine months period has increased to Rs. 0.75 as compared to the Rs. 0.27 for the corresponding period of the previous year. EPS for the quarter under review is Rs. 0.24 as compared to the Rs. 0.15 for the corresponding quarter of the previous year.

Operational Overview

On the operational front, The Company had taken various initiatives in the first half of the financial year which started to mature into realities over the third quarter.

Subscriber acquisition in domestic and commercial segments across the whole spectrum of service offering followed a steady growth pattern. Company focus on enhancement in existing revenue stream was maintained and additional services were added to Worldcall offerings to its subscriber.

In Wireless Local Loop, major deployment in the south has started to mature with Hyderabad being put into commercial operations recently. Commercial commencement in Karachi is scheduled for fourth quarter. With inclusion of Hyderabad, a total of forty (40) cities are now covered by Worldcall wireless service.

In Broadband segment, the Company achieved another milestone by crossing 500Mbps consumption of international IP bandwidth through its internet over cable (IOC) and CDMA 2000 1x high speed data offerings. Video on Demand (VoD) and digital channel offering, initiated in the second quarter, received a very positive response from our subscribers.

In Long Distance and International (LDI) segment, the Company maintained its market share. Expansions in the network capacity have been initiated to cater for additional volumes being generated from the WLL segment.

Worldcall Telecom Limited

In payphone segment major focus on growth was maintained through own deployments and expansions from white label operations segment. Enhancement of cities in coverage footprint continuously contributes towards growth in this segment.

Future Outlook

Contract was signed with Capital Development Authority (CDA) for Joint Venture operations in Islamabad Capital Territories (ICT). The Joint Venture project shall address fiber optic connectivity requirements for all operators and service providers in ICT. Worldcall also plans a roll-out of much awaited quality cable network and allied services.

Company is proud to be a premier service provider in metro connect segment with significant telecom operators and financial institutions as its clients. Principal offering for fiber optic connectivity is being taken to the next stage of excellence through deployment of a robust high capacity metro backbone in Karachi and Lahore with long haul connectivity included in basic service offering.

In due consideration of further consolidation of its leadership position in broadband retail segment, Company has signed for WiMAX deployment making use of its WLL infrastructure already deployed in significant metropolitan cities of Pakistan. It will be a welcome addition to its portfolio and shall also promote growth in areas which are not covered by Company through its fiber optic network.

Company has matured into a true multi service operator (MSO) and has systematically consolidated its position in the local telecom landscape. Given the depth in its servicing offering and focused enhancement in its network reach, Worldcall is poised to add to its existing milestone achievements.

Acknowledgement

Our Company wishes to record its appreciation of the dedicated services of its employees and continued patronage of its customers, shareholders, financial partners and other stakeholders.

On behalf of the Board of Directors

Lahore
28 April 2007

Salmaan Taseer
Chief Executive Officer

Worldcall Telecom Limited

CONDENSED BALANCE SHEET (Un-Audited) AS AT 31 MARCH 2007

	Note	31 March 2007	Audited 30 June 2006
(Rupees in '000')			
Non current assets			
Tangible fixed assets			
Property, plant and equipment	5	6,721,174	5,973,792
Capital work-in-progress		1,406,027	886,893
		8,127,201	6,860,685
Intangible assets			
Investment properties		4,731,541	4,826,751
Long term investments - at cost		66,140	56,634
Long term deposits		100,072	100,072
Deferred costs		195,927	199,704
		6,397	10,063
		13,227,278	12,053,909
Current assets			
Store and spares		41,151	34,637
Stock in trade		32,579	21,931
Trade debts		834,865	701,434
Loans and advances - considered good		115,880	134,095
Deposits and short term prepayments		149,303	191,024
Other receivables		750,136	549,548
Short term investments		391,280	784,542
Cash and bank balances		662,454	1,452,789
		2,977,648	3,870,000
Current liabilities			
Current maturities of non-current liabilities		762,312	793,762
Running finance under mark-up arrangements - secured		212,446	273,207
Trade and other payables		507,792	845,569
Interest and mark-up accrued		27,661	34,131
Provision for taxation		101,202	101,202
		1,611,413	2,047,871
		1,366,235	1,822,129
Net current assets			
Non current liabilities			
Term finance certificates - secured	6	344,090	49,909
Long term financies		787,970	1,085,017
Deferred taxation		585,164	477,545
Retirement benefits		84,352	69,823
Liabilities against assets subject to finance lease		157,836	175,624
Long term payables		6,326	6,261
Long term deposits		50,062	76,260
License fee payable	7	782,111	705,667
		2,797,911	2,646,106
Contingencies and commitments			
	8	11,795,602	11,229,932
Represented By			
Share capital and reserves			
Authorized capital			
900,000,000 (30 June 2006: 775,000,000) ordinary shares of Rs. 10 each.		9,000,000	7,750,000
Issued, subscribed and paid up capital		7,520,607	6,539,658
Share premium		410,887	1,391,836
Convertible loan reserve		1,400,430	1,400,430
Unappropriated profit		2,463,678	1,898,008
		11,795,602	11,229,932

The annexed notes from 1 to 13 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Worldcall Telecom Limited

CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

	Nine months ended		Quarter ended	
	31 March 2007 (Rupees in '000')	31 March 2006 (restated)	31 March 2007 (Rupees in '000')	31 March 2006 (restated)
Revenue -Net	3,199,888	3,331,995	1,101,903	1,142,341
Direct cost	<u>(1,753,999)</u>	<u>(2,264,021)</u>	<u>(572,888)</u>	<u>(770,665)</u>
Gross profit	1,445,889	1,067,974	529,015	371,676
Operating cost	<u>(763,539)</u>	<u>(791,767)</u>	<u>(250,752)</u>	<u>(262,333)</u>
Operating profit	682,350	276,207	278,263	109,343
Finance cost	<u>(195,866)</u>	<u>(164,674)</u>	<u>(70,305)</u>	<u>(55,852)</u>
	486,484	111,533	207,958	53,491
Gain/(Loss) on re-measurement of investments at fair value	71,462	22,907	(24,370)	10,845
Gain on re-measurement of investment property at fair value	9,506	8,100	-	-
Other operating income	<u>105,838</u>	<u>98,154</u>	<u>26,485</u>	<u>54,379</u>
Profit before taxation	673,290	240,694	210,073	118,715
Taxation	<u>(107,620)</u>	<u>(44,058)</u>	<u>(30,815)</u>	<u>(9,662)</u>
Profit after taxation	565,670	196,636	179,258	109,053
Earnings per share - basic (Rupees)	0.75	0.27	0.24	0.15
Earnings per share - diluted (Rupees)	0.63	0.27	0.20	0.15

The annexed notes from 1 to 13 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Worldcall Telecom Limited

CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

Note	31 March 2007	31 March 2006 (restated)
(Rupees in '000')		
Cash flows from operating activities		
Cash generated from operations	9 751,571	383,275
Decrease in long term deposits receivable	3,777	99,804
(Decrease) in long term deposits payable	(26,198)	(36,359)
Increase in long term payables	65	-
Retirement benefits paid	(8,569)	(7,800)
Finance cost paid	(126,413)	(255,303)
Taxes paid	(29,234)	(28,831)
Net cash generated from operating activities	564,999	154,786
Cash flow from investing activities		
Fixed capital expenditure	(1,675,269)	(1,128,435)
Intangible asset acquired	-	(3,656)
Sale proceeds of property, plant and equipment	17,263	4,884
Long term investments - Net	-	88,308
Short term investments - Net	464,725	114,340
Net cash used in investing activities	(1,193,281)	(924,559)
Cash flow from financing activities		
Receipt of term finance certificates - Net	243,137	-
Repayment of term finance certificates	-	(99,860)
Receipt of long term finances	-	216,324
Repayment of long term finances	(271,403)	(148,953)
Repayment of finance lease liabilities	(73,026)	(49,690)
Shares issued	-	690,000
Dividend paid	-	(42)
Net cash (used in)/generated from financing activities	(101,292)	607,779
Net decrease in cash and cash equivalents	(729,574)	(161,994)
Cash and cash equivalents at the beginning of the period	1,179,582	562,389
Cash and cash equivalents of merged entities	-	252,315
Cash and cash equivalents at the end of the period	450,008	652,710
Cash and cash equivalents comprised of the following		
Cash and bank balances	662,454	1,020,016
Running finances under markup arrangements	(212,446)	(367,306)
	450,008	652,710

The annexed notes from 1 to 13 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Worldcall Telecom Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

	Share capital	Share premium	Capital reserves		Revenue reserve Accumulated profit/(loss)	Total
			Convertible loan reserve	Share deposit money		
(Rupees in '000')						
Balance as at 30 June 2005	2,750,000	-	-	-	(19,218)	2,730,782
Share deposit money received against issue of shares	-	-	-	690,000	-	690,000
Shares issued	690,000	-	-	(690,000)	-	-
Interim dividend paid	-	-	-	-	(42)	(42)
Net profit for the period ended 31 March 2006	-	-	-	-	196,636	196,636
Balance as at 31 March 2006 as previously stated	3,440,000	-	-	-	177,376	3,617,376
Shares issued to shareholders of WBL, WCL and WML under scheme of merger	3,099,658	1,373,148	-	-	-	4,472,806
Reserves of merged entities transferred as per scheme of merger	-	18,688	-	-	1,189,888	1,208,576
Bonus shares issued by WCL prior to court order	-	-	-	-	(220,230)	(220,230)
Balance as at 31 March 2006 - restated	6,539,658	1,391,836	-	-	1,147,034	9,078,528
Equity component of convertible loan	-	-	1,400,430	-	-	1,400,430
Net profit for the period	-	-	-	-	750,974	750,974
Balance as at 30 June 2006	6,539,658	1,391,836	1,400,430	-	1,898,008	11,229,932
Bonus shares issued	980,949	(980,949)	-	-	-	-
Net profit for the period ended 31 March 2007	-	-	-	-	565,670	565,670
Balance as at 31 March 2007	7,520,607	410,887	1,400,430	-	2,463,678	11,795,602

The annexed notes from 1 to 13 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Worldcall Telecom Limited

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

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 Karachi and Lahore Stock Exchanges. 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, operation and maintenance of public payphones network and re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Company is situated at 103 C-II, Gulberg III, Lahore.

2 Basis of presentation

These condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan and are unaudited. These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2006. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

3. Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2006.

4 Accounting policies

Accounting policies adopted for preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2006 except that:

During the period the Company has adopted International Financial Reporting Standard "IFRS" 3 (Business Combinations), which has been adopted by Securities and Exchange Commission of Pakistan (SECP) vide SRO 1228(I)/2006 dated 06 December 2006. Prior to adoption of IFRS 3, International Accounting Standard 22 (Business Combinations) required that Goodwill arising on business combinations should be stated at cost less any accumulated amortisation and impairment losses, whereas IFRS 3 requires that Goodwill should be stated at cost less any impairment losses. Consequently, no amortization of goodwill has been charged to the profit and loss account during the period in conformity with the requirements of IFRS 3. Had there been no change the profit for the period and goodwill would have been lower by Rs 102.7 million.

Worldcall Telecom Limited

	Note	31 March 2007	30 June 2006
(Rupees in '000')			
5. Property, Plant and Equipment			
Opening book value		5,973,792	799,911
Acquisition through business combinations		-	2,596,314
Additions/transfers during the period/year	5.1	<u>1,229,774</u>	<u>3,098,519</u>
		7,203,566	6,494,744
Disposals for the period/year - WDV	5.2	<u>(15,974)</u>	<u>(19,810)</u>
Depreciation for the period/year		<u>(466,418)</u>	<u>(501,142)</u>
Closing book value		<u><u>6,721,174</u></u>	<u><u>5,973,792</u></u>
5.1 Break-up of additions			
Freehold land		19,800	-
Leasehold improvements		4,751	31,294
Plant and equipment		1,137,957	3,024,106
Office equipment		4,247	6,422
Computers		13,984	14,679
Furniture and fixtures		692	1,410
Vehicles		45,597	16,007
Lab and other equipment		2,746	4,601
		<u>1,229,774</u>	<u>3,098,519</u>
5.2 Break-up of disposals			
Plant and equipment		(648)	(10,090)
Office equipment		(171)	-
Computers		(39)	(251)
Vehicles		(14,996)	(8,934)
Furniture and fixtures		(120)	-
Items with book value below Rs. 50,000		-	(535)
		<u>(15,974)</u>	<u>(19,810)</u>
6 Term Finance Certificates - Secured			
Term Finance Certificates	6.1	399,969	149,909
Unamortized transaction cost		<u>(6,923)</u>	-
		393,046	149,909
Amortization of TFC transaction cost		<u>1,154</u>	-
		394,200	149,909
Less: Current maturity		<u>50,110</u>	<u>100,000</u>
		<u>344,090</u>	<u>49,909</u>
6.1			
These includes Rs 350 million received by the Company against 2nd TFC issue in November 2006 to raise funds for future expansion plans comprising expansion, up gradation and development of prepaid telephony and related businesses. The TFCs are redeemable in six equal semi annual instalments commencing from May 2009. Profit is payable at the rate of 6 months KIBOR + 2.75% p.a with no floor and no cap. These are secured by way of first pari passu hypothecation charge on the present and future fixed assets of the Company amounting to Rs. 467 million.			

Worldcall Telecom Limited

7 License fee payable

This represents interest free license fee payable to PTA for WLL license. As per the agreement with PTA the total of Rs. 1,206 million is payable after four years by March 2010. The long term portion was discounted in the year 2006 using the effective interest rate of 12.5% per annum.

8 Contingencies and commitments

Contingencies

There were no significant changes in the status of contingencies as at balance sheet date from the disclosures made in the financial statements as at 30 June 2006 except for the following:

- 8.1 There is a dispute of Rs.480 million with Pakistan Telecommunication Authority on account of Universal Service Fund (USF) representing contribution to USF for period prior to the formation of the USF by the Federal Government. Out of this amount, Rs. 223 million relating to prior periods has been deposited with the PTA. Based on the legal advice the management is confident that the matter will be decided in the favour of the Company.
- 8.2 There is a dispute of Rs. 78.3 million (June 2006: Rs. 13.7 million) with Pakistan Telecommunication Company Limited (PTCL) on account of excess minutes billed and application of wrong formulae on account of interconnect and settlement charges.
- 8.3 PTCL has charged the Company excess DPLC charges amounting to Rs 33.6 million (June 2006: Rs 6.8 million) on account of differences of distances, rates, transmission capacity and route which were not activated but were charged by PTCL.
- 8.4 The Taxation Officer reassessed the Income of payphone division for the tax year 2004 creating gross tax liability of Rs.63.66 million (net tax liability of Rs.54.98 million). The Company filed appeal to the Commissioner of Income Tax (Appeals) against add backs of Intangible assets written off, deferred cost and lease rentals. The CIT (A) in his order has allowed partial relief reducing the gross tax demand to Rs.56.86 million (net tax liability of Rs. 24.14 million). The Company has already provided Rs.60 million in the audited accounts for the year ended 30 June 2004. The Company has also filed rectification application with the Taxation Officer for not granting full tax credit. After giving the effect of rectification application and order of CIT(A) the net tax demand for the tax year 2004 of the company would be Rs.17.37 million (June 2006: Rs. 14.8 million). The Company has filed appeal against the above said order of CIT(A) in Income Tax Appellate Tribunal.
- 8.5 During the period, the sales tax authorities served show cause notices on account of alleged wrong claim of refund under section 66 of the Sales Tax Act 1990 to different payphone companies including the Company. Write petition has been filed before the Hon'able Lahore High Court and stay has been granted against the show cause proceedings. The management is confident that the matter will be decided in the favour of the Company and the proceedings will be dropped.

	31 March 2007	30 June 2006
(Rupees in '000')		
Commitments		
8.6 Outstanding guarantees	<u>191,699</u>	<u>196,161</u>
8.7 Commitments in respect of capital expenditure	<u>148,787</u>	<u>66,349</u>
8.8 Outstanding letters of credit	<u>176,617</u>	<u>324,277</u>

Worldcall Telecom Limited

	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	
9 Cash generated from operations		
Profit before taxation	673,290	240,694
Adjustment for non-cash charges and other items:		
Depreciation and amortization	541,369	550,909
Provision for doubtful receivables	2,000	5,142
Gain on sale of investments	-	(411)
Loss/(profit) on disposal of property, plant and equipment	(1,296)	437
Gain on re-measurement of investments at fair value	(71,462)	(22,907)
Gain on re-measurement of investment property at fair value	(9,506)	(8,100)
Retirement benefits	23,098	18,088
Finance cost	195,866	173,449
Profit before working capital changes	1,353,359	957,301
Effect on cash flow due to working capital changes:		
(Increase) in stores and spares	(6,514)	(448)
(Increase) in stock in trade	(10,648)	(9,454)
(Increase)/decrease in trade debts	(135,431)	(19,790)
(Increase)/decrease in loans and advances	18,215	(12,392)
(Increase)/decrease in deposits and short term prepayments	41,721	(35,738)
(Increase) in other receivables	(171,354)	(65,194)
Decrease in trade and other payables	(337,777)	(431,010)
	(601,788)	(574,026)
	751,571	383,275
10 Related party transactions		

The related parties comprise foreign subsidiary, local associated companies, related group companies, directors of the Company, companies where directors also hold directorship, and key management employees. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	
Associated companies		
Purchase of goods and services	37,214	36,625
Interest on loan charged	5,475	7,657
Sale of goods and services	7,991	4,127
Interest on loan expensed	-	89

All transactions with related parties have been carried out on commercial terms and conditions.

11 Segment reporting

Segment information is presented in respect of the Company's business. The primary format, business segment, is based on the Company's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Worldcall Telecom Limited

The Company's operations comprise of the following main business segments:

- Telecom segment which comprises of WLL, LDI and Operation and Maintenance of payphone network.
- Broadband segment which comprises of internet over cable and cable TV services.

Segment analysis for the period ended 31 March 2007.

	Telecom	Broadband	Total
	(Rupees in '000')		
Total revenue - net	2,459,697	740,191	3,199,888
Profit before tax and unallocated expenses	449,534	223,756	673,290
Unallocated corporate expenses - taxation			(107,620)
			565,670
Segment assets and liabilities			
Segment assets	13,029,918	3,175,008	16,204,926
Unallocated assets			-
Consolidated total assets			16,204,926
Segment liabilities	2,829,253	893,705	3,722,958
Unallocated liabilities - Provision for taxation			686,366
Consolidated total liabilities			4,409,324
Segment capital expenditure	1,338,616	336,653	1,675,269
Unallocated capital expenditure			-
			1,675,269
Depreciation and amortization	407,555	133,814	541,369
12 Date of authorization for issue			

These condensed financial statements were authorized for issue on 28 April 2007 by the Board of Directors of the Company.

13 General

13.1 Previous period's figures have been restated to include the results of the entities merged into the Company through a Court order. The effective date of the merger of WorldCall Communications Limited, WorldCall Broadband Limited and WorldCall Multimedia Limited with WorldCall Telecom Limited as per the Court order was 01 July 2005.

13.2 Figures have been rounded off to the nearest of thousand of rupee.

**WORLDCALL TELECOM LIMITED
AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED
QUARTERLY
FINANCIAL STATEMENTS
(UN-AUDITED)**

31 MARCH 2007

DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Parent Company") are pleased to present the un-audited condensed consolidated financial statements of the Group for the 3rd Quarter ended March 31, 2007.

Operating Results

Revenues for the nine months is Rs. 3,213 million as compared to Rs. 3,350 million in the corresponding period last year. The gross profit has increased by Rs. 374 million over those in the last corresponding period. Profit after tax of Rs 546 million as compared to profit after tax of Rs. 184 million in the corresponding period last year, depicts remarkably good performance by the company. Combined earning per share reported for the nine months period is Rs. 0.73 as compared to Rs 0.27 in corresponding period last year.

Group Foreign Subsidiary

Worldcall Telecommunications Lanka (Pvt) Limited (WCTL)

The company posted a gross profit of SLR 3.3 million as compared to SLR 10.2 million in the corresponding period last year. Net Loss has increased from SLR 6.1 million to SLR 13.2 million during the corresponding period last year. The management is hopeful that by launching WLL payphones in the market the revenues will increase and so as the profits of the company.

On behalf of the Board of Directors

Lahore
28 April 2007

Salmaan Taseer
Chief Executive Officer

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED BALANCE SHEET (Un-Audited) AS AT 31 MARCH 2007

	Note	31 March 2007	Audited 30 June 2006
Rupees in ('000)			
Non current assets			
Tangible fixed assets			
Property, plant and equipment	6	6,755,791	6,012,276
Capital work-in-progress		1,407,984	887,333
		<u>8,163,775</u>	<u>6,899,609</u>
Intangible assets			
Investment properties		4,760,588	4,855,798
Long term investments - at cost		66,140	56,634
Long term deposits		16,147	27,923
Deferred costs		195,927	199,704
		6,397	10,063
		<u>13,208,974</u>	<u>12,049,731</u>
Current assets			
Store and spares		41,151	34,637
Stock in trade		32,815	22,264
Trade debts		835,690	701,744
Loans and advances - considered good		115,880	134,095
Deposits and short term prepayments		153,415	191,428
Other receivables		750,136	553,214
Short term investments		391,280	784,542
Cash and bank balances		665,471	1,456,516
		<u>2,985,838</u>	<u>3,878,440</u>
Current liabilities			
Current maturities of non-current liabilities		762,312	793,762
Running finance under mark-up arrangements - secured		212,446	273,207
Trade and other payables		526,554	857,621
Interest and mark-up accrued		27,661	34,131
Provision for taxation		101,202	101,202
		<u>1,630,175</u>	<u>2,059,923</u>
Net current assets		<u>1,355,663</u>	<u>1,818,517</u>
Non current liabilities			
Term finance certificates - secured	7	344,090	49,909
Long term finances		787,970	1,085,017
Deferred taxation		585,164	477,545
Retirement benefits		84,592	70,103
Liabilities against assets subject to finance lease		157,836	175,624
Long term payables		6,326	6,261
Long term deposits		50,952	77,214
License fee payable	8	782,111	705,667
		<u>2,799,041</u>	<u>2,647,340</u>
Contingencies and commitments	9	<u>11,765,596</u>	<u>11,220,908</u>
Represented By			
Share capital and reserves			
Authorized capital			
900,000,000 (30 June 2006: 775,000,000) ordinary shares of Rs. 10 each		<u>9,000,000</u>	<u>7,750,000</u>
Issued, subscribed and paid up capital		7,520,607	6,539,658
Share premium		410,887	1,391,836
Convertible loan reserve		1,400,430	1,400,430
Exchange translation reserve		(2,038)	(845)
Unappropriated profit		2,428,410	1,879,824
Capital and reserves attributable to equity holders of the parent		<u>11,758,296</u>	<u>11,210,903</u>
Minority interest		7,300	10,005
		<u>11,765,596</u>	<u>11,220,908</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Lahore

Chief Executive

Director

21

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

	Nine months ended		Quarter ended	
	31 March 2007	31 March 2006 (restated)	31 March 2007	31 March 2006 (restated)
(Rupees in '000')				
Revenue -Net	3,212,953	3,350,271	1,105,897	1,149,087
Direct cost	(1,765,195)	(2,276,290)	(576,304)	(774,329)
Gross profit	<u>1,447,758</u>	<u>1,073,981</u>	<u>529,593</u>	<u>374,758</u>
Operating cost	(772,956)	(801,383)	(254,214)	(265,199)
Operating profit	<u>674,802</u>	<u>272,598</u>	<u>275,379</u>	<u>109,559</u>
Finance cost	(195,866)	(164,674)	(70,305)	(55,852)
	<u>478,936</u>	<u>107,924</u>	<u>205,074</u>	<u>53,707</u>
Gain/(Loss) on re-measurement of investments at fair value	71,462	22,907	(24,370)	10,845
Gain on re-measurement of investment property at fair value	9,506	8,100	-	-
Other operating income	105,873	98,154	26,520	54,379
Share of loss of associate	(11,776)	(8,684)	(2,911)	(1,590)
Profit before taxation	<u>654,001</u>	<u>228,401</u>	<u>204,313</u>	<u>117,341</u>
Taxation	(107,620)	(44,058)	(30,815)	(9,662)
Profit after taxation	<u>546,381</u>	<u>184,343</u>	<u>173,498</u>	<u>107,679</u>
Attributable to :				
Equity holders of the parent	548,586	185,402	174,337	107,840
Minority interest	(2,205)	(1,059)	(839)	(161)
Profit attributable to parent company	<u>546,381</u>	<u>184,343</u>	<u>173,498</u>	<u>107,679</u>
Earnings per share - basic (Rupees)	<u>0.73</u>	<u>0.27</u>	<u>0.23</u>	<u>0.15</u>
Earnings per share - diluted (Rupees)	<u>0.61</u>	<u>0.27</u>	<u>0.19</u>	<u>0.15</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Lahore

Chief Executive

Director

22

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 31 MARCH 2007

Note	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	
Cash flow from operating activities		
Cash generated from operations	753,318	384,732
Decrease in long term deposits receivable	3,777	99,804
(Decrease)/increase in long term deposits payable	(26,198)	(36,359)
Increase in long term payables	65	-
Retirement benefits paid	(8,569)	(7,800)
Finance cost paid	(126,413)	(255,303)
Taxes paid	(29,234)	(28,831)
Net cash generated from operating activities	566,746	156,243
Cash flow from investing activities		
Fixed capital expenditure	(1,677,726)	(1,131,562)
Intangible asset acquired	-	(3,656)
Sale proceeds of property, plant and equipment	17,263	4,884
Long term investments - Net	-	88,308
Short term investments - Net	464,725	114,340
Net cash used in investing activities	(1,195,738)	(927,686)
Cash flow from financing activities		
Receipt of term finance certificates - Net	243,137	-
Repayment of term finance certificates	-	(99,860)
Receipt of long term finances	-	216,324
Repayment of long term finances	(271,403)	(148,953)
Repayment of finance lease liabilities	(73,026)	(49,690)
Shares issued	-	690,000
Dividend paid	-	(42)
Net cash (used in)/ generated from financing activities	(101,292)	607,779
Net decrease in cash and cash equivalents	(730,284)	(163,664)
Cash and cash equivalents at the beginning of the period	1,183,309	567,507
Cash and cash equivalents of merged entities	-	252,315
Cash and cash equivalents at the end of the period	453,025	656,158
Cash and cash equivalents comprised of the following		
Cash and bank balances	665,471	1,023,464
Running finances under markup arrangements	(212,446)	(367,306)
	453,025	656,158

The annexed notes from 1 to 14 form an integral part of these financial statements.

Lahore

Chief Executive

Director

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2007

	Share capital	Share premium	Currency translation reserve	Capital reserves Convertible loan reserve (Rupees in '000')	Share deposit money	Revenue reserve Accumulated profit/(loss)	Minority Interest	Total
Balance as at 30 June 2005	2,750,000	-	-	-	-	(19,218)	-	2,730,782
Share deposit money received against issue of shares	-	-	-	-	690,000	-	-	690,000
Shares issued	690,000	-	-	-	(690,000)	-	-	-
Minority interest arising on business combination	-	-	-	-	-	-	11,425	11,425
Interim dividend paid	-	-	-	-	-	(42)	-	(42)
	3,440,000	-	-	-	-	(19,260)	11,425	3,432,165
Exchange translation difference	-	-	(805)	-	-	-	(330)	(1,135)
Net profit for the period ended 31 March 2006	-	-	(805)	-	-	185,402	(1,059)	184,343
Balance as at 31 March 2006 as previously stated	3,440,000	-	(805)	-	-	166,142	10,036	3,615,373
Shares issued to shareholders of WBL, WCL and WML under scheme of merger	3,099,658	1,373,148	-	-	-	-	-	4,472,806
Reserves of merged entities transferred as per scheme of merger	-	18,688	-	-	-	1,189,888	-	1,208,576
Bonus shares issued by WCL prior to court order	-	-	-	-	-	(220,230)	-	(220,230)
Balance as at 31 March 2006 - restated	6,539,658	1,391,836	(805)	-	-	1,135,800	10,036	9,076,525
Equity component of convertible loan	-	-	-	1,400,430	-	-	-	1,400,430
Exchange translation difference	-	-	(40)	-	-	-	(17)	(57)
Net profit for the period	-	-	(40)	1,400,430	-	744,024	(14)	744,010
	-	-	(845)	1,400,430	-	744,024	(31)	2,144,383
Balance as at 30 June 2006	6,539,658	1,391,836	(1,193)	-	-	1,879,824	10,005	11,220,908
Exchange translation difference	-	-	(1,193)	-	-	-	(500)	(1,693)
Bonus shares issued	980,949	(980,949)	-	-	-	-	-	-
Net profit for the period	-	-	(1,193)	-	-	548,586	(2,205)	546,381
Net profit for the period ended 31 March 2007	980,949	(980,949)	(1,193)	-	-	548,586	(2,205)	546,381
Balance as at 31 March 2007	7,520,607	410,887	(2,038)	1,400,430	-	2,428,410	7,300	11,765,596

The annexed notes from 1 to 14 form an integral part of these financial statements.

Lahore

Chief Executive

Director

**NOTES TO THE CONDENSED GROUP'S FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2007**

1 Legal status and nature of business

Worldcall Telecom Limited ("the Parent 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 Karachi and Lahore Stock Exchanges. The Parent 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, operation and maintenance of public payphones network and re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes.

Worldcall Telecommunications Lanka (Private) Limited ("the Subsidiary") was incorporated in Sri Lanka and is joint venture with Hayleys Group to operate payphones. The principal activity of the subsidiary is the operation and maintenance of public payphones network. Payphones are installed at various shops/commercial outlets. The Parent Company holds 70.65 % of voting securities in the subsidiary.

The registered office of the Group is situated at 103 C - II, Gulberg III, Lahore

2 Basis of presentation

These condensed interim Group's financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan and are unaudited. These condensed interim Group's financial statements do not include all of the information required for full annual Group's financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 30 June 2006. Further, these condensed interim Group's financial statements are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

3 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary. The financial statements of the subsidiary has been consolidated on a line by basis.

Subsidiary

Subsidiary is an entity controlled by the Parent Company. The control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to benefit from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those entities in which the Group has significant influences but not control over the financial and reporting policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on equity accounting basis, from the date that significant influence commences until the date total significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further is discontinued except to the extent that the Group has incurred legal or

constructive obligation or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intragroup balances and any other unrealized gains and losses or income or expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interest is that part of net results of operations and of net assets of subsidiary attributable to interest which are not owned by the Parent Company. Minority interest is presented separately in the consolidated financial statements.

4. Estimates

The preparation of condensed Group's interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2006.

5 Accounting policies

Accounting polices adopted for preparation of these interim Group financial statements are the same as those applied in the preparation of the annual Group financial statements for the year ended 30 June 2006 except that:

During the period the Group has adopted International Financial Reporting Standard "IFRS" 3 (Business Combinations), which has been adopted by Securities and Exchange Commission of Pakistan (SECP) vide SRO 1228(I)/2006 dated 06 December 2006. Prior to adoption of IFRS 3, International Accounting Standard 22 (Business Combinations) required that Goodwill arising on business combinations should be stated at cost less any accumulated amortisation and accumulated impairment losses, whereas IFRS 3 requires that Goodwill should be stated at cost less any accumulated impairment losses. Consequently, no amortization of goodwill has been charged to the profit and loss account during the period in conformity with the requirements of IFRS 3. Had there been no change the profit for the period and goodwill would have been lower by Rs 103.8 million.

Note	31 March	30 June
	2007	2006
(Rupees in '000')		
6. Property, Plant and Equipment		
Opening book value	6,012,276	799,909
Acquisition through business combinations	-	2,633,767
Additions/transfers during the period/year	1,228,540	3,102,522
	7,240,816	6,536,198
Disposals for the period/year - WDV	(15,974)	(19,810)
Depreciation for the period/year	(469,051)	(504,112)
	6,755,791	6,011,808

Worldcall Telecom Limited Group

	31 March 2007	30 June 2006
	(Rupees in '000')	
Closing book value	6,755,791	6,012,276
6.1 Break-up of additions		
Freehold land	19,800	-
Leasehold improvements	4,751	31,294
Plant and equipment	1,136,679	3,028,248
Office equipment	4,266	6,430
Computers	14,009	14,645
Furniture and fixtures	692	1,375
Vehicles	45,597	16,005
Lab and other equipment	2,746	4,525
	<u>1,228,540</u>	<u>3,102,522</u>
6.2 Break-up Disposals		
Plant and equipment	(648)	(10,090)
Office equipment	(171)	-
Computers	(39)	(251)
Vehicles	(14,996)	(8,934)
Furniture and fixtures	(120)	-
Items with book value below Rs. 50,000	-	(535)
	<u>(15,974)</u>	<u>(19,810)</u>
7 Term Finance Certificates - Secured		
Term Finance Certificates	7.1 399,969	149,909
Unamortized transaction cost	(6,923)	-
	<u>393,046</u>	<u>149,909</u>
Amortization of TFC transaction cost	1,154	-
	<u>394,200</u>	<u>149,909</u>
Less: Current maturity	50,110	100,000
	<u>344,090</u>	<u>49,909</u>

7.1 These includes Rs 350 million received by the Parent Company against 2nd TFC issue in November 2006 to raise funds for future expansion plans comprising expansion, up gradation and development of prepaid telephony and related businesses. The TFCs are redeemable in six equal semi annual instalments commencing from May 2009. Profit is payable at the rate of 6 months KIBOR + 2.75% p.a with no floor and no cap. These are secured by way of first pari passu hypothecation charge on the present and future fixed assets of the Parent Company amounting to Rs. 467 million.

8 License fee payable

This represents interest free license fee payable to PTA by the Parent Company for WLL license. As per the agreement with PTA the total of Rs. 1,206 million is payable after four years by March 2010. The long term portion was discounted in the year 2006 using the effective interest rate of 12.5% per annum.

9 Contingencies and commitments

Contingencies

There were no significant changes in the status of contingencies as at balance sheet date from the disclosures made in the Group's financial statements as at 30 June 2006 except for the following:

Worldcall Telecom Limited Group

- 9.1 There is a dispute of Rs. 480 million with Pakistan Telecommunication Authority on account of Universal Service Fund (USF) representing contribution to USF for period prior to the formation of the USF by the Federal Government. Out of this amount Rs 223 million relating to prior periods has been deposited with the PTA. Based on the legal advice the management is confident that the matter will be decided in the favour of the Parent Company.
- 9.2 There is a dispute of Rs. 78.3 million (June 2006: Rs. 13.7 million) with Pakistan Telecommunication Company Limited (PTCL) on account of excess minutes billed and application of wrong formulae on account of interconnect and settlement charges.
- 9.3 PTCL has charged the Parent Company excess DPLC charges amounting to Rs 33.6 million (June 2006: Rs 6.8 million) on account of differences of distances, rates, transmission capacity and route which were not activated but were charged by PTCL.
- 9.4 The Taxation Officer reassessed the income of payphone division for the tax year 2004 creating gross tax liability of Rs.63.66 million (net tax liability of Rs.54.98 million). The Company filed an appeal to the Commissioner of Income Tax (Appeals) against add backs of Intangible assets written off, deferred cost and lease rentals. The CIT (A) in his order has allowed partial relief reducing the gross tax demand to Rs.56.86 million (net tax liability of Rs. 24.14 million). The Company has already provided Rs.60 million in the audited accounts for the year ended 30 June 2004. The Company has also filed rectification application with the Taxation Officer for not granting full tax credit. After giving the effect of rectification application and order of CIT(A) the net tax demand for the tax year 2004 of the company would be Rs.17.37 million (June 2006: Rs. 14.8 million). The Company has filed appeal against the above said order of CIT(A) in Income Tax Appellate Tribunal.
- 9.5 During the period, the sales tax authorities served show cause notices on account of alleged wrong claim of refund under section 66 of the Sales Tax Act 1990 to different payphone companies including the Parent Company. Writ petition has been filed before the Honorable Lahore High Court and stay has been granted against the show cause proceedings. The management is confident that the matter will be decided in the favour of the Parent Company and the proceedings will be dropped.

	31 March 2007	30 June 2006
	(Rupees in '000')	
Commitments		
9.6 Outstanding guarantees	<u>191,699</u>	<u>196,161</u>
9.7 Commitments in respect of capital expenditure	<u>148,787</u>	<u>66,349</u>
9.8 Outstanding letters of credit	<u>176,617</u>	<u>324,277</u>
	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	

10 Cash generated from operations

Profit before taxation and share of loss of associate	665,777	237,085
Adjustment for non-cash charges and other items:	-	-
Depreciation and amortization	544,002	553,649
Provision for doubtful receivables	2,000	5,142

Worldcall Telecom Limited Group

	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	
Gain on sale of investments (411)		
Loss/(profit) on disposal of property, plant and equipment	(1,296)	437
Gain on re-measurement of investments at fair value	(71,462)	(22,907)
Gain on re-measurement of investment property at fair value	(9,506)	(8,100)
Retirement benefits	23,098	18,088
Finance cost	195,866	173,449
Profit before working capital changes	1,348,479	956,432
Effect on cash flow due to working capital changes:		
(Increase) in stores and spares	(6,514)	(448)
(Increase) in stock in trade	(10,570)	(9,322)
(Increase)/decrease in trade debts	(136,234)	(17,792)
(Increase)/decrease in loans and advances	18,215	(12,392)
(Increase)/decrease in deposits and short term prepayments	41,721	(35,738)
(Increase) in other receivables	(171,354)	(65,194)
Decrease in trade and other payables	(330,425)	(430,814)
	(595,161)	(571,700)
	753,318	384,732

11 Related party transactions

The related parties comprise foreign subsidiary, local associated companies, related group companies, directors of the Parent Company, companies where directors also hold directorship, and key management employees. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed Group's financial statements are as follows:

	31 March 2007	31 March 2006 (restated)
	(Rupees in '000')	
Associated companies		
Purchase of goods and services	37,214	36,625
Interest on loan charged	5,475	7,657
Sale of goods and services	7,991	4,127
Interest on loan expensed	-	89

All transactions with related parties have been carried out on commercial terms and conditions.

12 Segment reporting

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segments:

Worldcall Telecom Limited Group

- Telecom segment which comprises of WLL, LDI and Operation and Maintenance of payphone network.
- Broadband segment which comprises of internet over cable and cable TV services.

	31 March 2007 Telecom	Broadband	Total
	(Rupees in '000')		
Total revenue - net	2,472,762	740,191	3,212,953
Profit before tax and unallocated expenses	430,245	223,756	654,001
Unallocated corporate expenses - taxation			(107,620)
			546,381
Segment assets and liabilities			
Segment assets	13,019,804	3,175,008	16,194,812
Unallocated assets			-
Consolidated total assets			16,194,812
Segment liabilities	2,849,145	893,705	3,742,850
Unallocated liabilities - Provision for taxation			686,366
Consolidated total liabilities			4,429,216
Segment capital expenditure	1,341,073	336,653	1,677,726
Unallocated capital expenditure			-
			1,677,726
Depreciation and amortization	410,188	133,814	544,002

13 Date of authorization for issue

These condensed Group's financial statements were authorized for issue on 28 April 2007 by the Board of Directors.

14 General

Figures have been rounded off to the nearest of thousand of rupee.