

**QUARTERLY ACCOUNTS  
(Un-Audited)**

**30 September 2005**

**VISION**

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

**MISSION STATEMENT**

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

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

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

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

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

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## COMPANY INFORMATION

<b>Board of Directors</b>	Suliman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Shaan Taseer Muhammad Shuaib Yousaf Tanvir Ahmad Air Vice Marshal (R) Syed Imtiaz Hyder Muhammad Bilal Sheikh Khurshid Zafar Qureshi Abid Raza
<b>Chief Financial Officer</b>	Muhammad Naveed Tariq
<b>Audit Committee</b>	Muhammad Shuaib Yousaf (Chairman) Shaan Taseer (Member) Tanvir Ahmad (Member)
<b>Company Secretary</b>	Ahmad Bilal
<b>Auditors</b>	Taseer Hadi Khalid & Co. Chartered Accountants
<b>Legal Adviser</b>	Hosain & Rahim Advocates
<b>Bankers</b>	Allied Bank of Pakistan Limited Askari Commercial Bank Limited Crescent Commercial Bank Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan ORIX Leasing Pakistan Limited Pak Kuwait Investment Co. (Pvt) Limited Pak Oman Investment Co. Limited Pakistan Industrial Credit & Investment Corporation Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank Standard Chartered Modaraba Union Bank Limited
<b>Registrar and Shares Transfer Office</b>	THK Associates (Pvt.) Limited Ground Floor, Modern Motors House, Beaumont Road Karachi ☎ (021) 5689021
<b>Registered Office / Head Office</b>	103-C/II, Gulberg-III Lahore, Pakistan ☎ (042) 5757591-4 ☎ (042) 5757590, 5877920

## Worldcall Telecom Limited

### DIRECTOR'S REVIEW

The directors of Worldcall Telecom Limited have the pleasure to present to the shareholders 1<sup>st</sup> quarterly accounts for the period ended 30 September 2005.

#### Review of Current Operations

The company has successfully launched its WLL services in eight cities of Punjab, whereas further roll out in nine cities is in the pipeline which includes expanding beyond the Punjab horizon as well. Slight delay in the roll out is due to obvious mobility reasons in view of current country situation in post earthquake scenario. The company has earned total revenue of PKR 593 million from both of its operations i.e. WLL and LDI services. There is a noticeable increase in customer base at the end of the first quarter. WTL has already entered into agreement with two companies with regards to white labeling of payphones and started its services with one of these.

The company has made a total profit of PKR 17.4 million for the current quarter. This has been achieved by utilizing the team effort of best professionals brought together by the management. The management is also working for the optimum utilization of the available resources to achieve cost reduction. This is evident by comparing the results of the annual accounts with this quarter: the gross profit margin has increased to 17.6% as compared to 10.3% at the year end. The operational cost has been decreased by 1% of gross revenue as compared to the results of the year ended on June 30, 2005.

#### Future Outlook

The management of the company is keen to make the company a leading trend setter in WLL and LDI services by continuously providing value added service to the customers. The company has launched its internet services in the mid of this quarter under review. The management is also keen to get the leading position in the market by capturing the untapped market and will try to reach those areas and enjoy the benefits of the first movers. The management has set its foot for the upcoming phase II of WLL project.

With the passage of time and increase in competition in the telecom market, the directors are keenly observing the changing circumstances. The strategy is two pronged; adopting a dynamic pricing regime to ensure most competitive tariffs in the market, plus, focusing on providing best customer services to strengthen our bond with the subscribers. Best tariffs and improved customer care will ensure a wider subscriber base and, hence, a growth in revenues in future.

Worldcall Group is working on consolidation of all its telecom and broad band businesses in the interest of shareholders and other stake holders. The vision is to be a full telecom, including broad band, services provider under one entity. Necessary approval for consolidation of different entities under one umbrella shall be placed before the shareholders for approval in due course as and when required.

Both the requests with PTA regarding deferment of license fee and determination of limited mobility are yet to be decided by PTA.

#### Acknowledgement

The Directors acknowledge the hard work and valuable services of its employees and continue to believe in the mutual sharing of rewards resulting from the dedication of all employees.

For and on behalf of the Board of Directors

Lahore  
31 October 2005

Salmaan Taseer  
Chief Executive Officer

## Worldcall Telecom Limited

### BALANCE SHEET AS AT 30 SEPTEMBER 2005 (Un-Audited)

Note	30 September 2005 Rupees	30 June 2005 Rupees
PROPERTY, PLANT AND EQUIPMENT	4 2,317,085,774	2,114,292,498
INTANGIBLE ASSETS	2,381,142,352	2,413,020,723
LONG TERM ADVANCES	6,443,640	6,423,070
LONG TERM DEPOSITS	133,620,120	132,705,733
DEFERRED TAXATION	19,785,189	12,703,806
	<b>4,858,077,075</b>	<b>4,679,145,830</b>
<b>CURRENT ASSETS</b>		
Stock-in-trade	376,767	436,390
Trade debts	356,506,313	300,367,332
Loans and advances	152,171,038	132,351,745
Deposits and prepayments	149,396,016	122,164,138
Other receivables	317,425,989	145,224,993
Short term investments	660,000,000	-
Cash and bank balances	377,738,580	591,927,868
	<b>2,013,614,703</b>	<b>1,292,472,466</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	953,446,923	948,931,291
Interest and mark-up payable	62,428,976	55,584,139
Short term borrowings	67,238,849	29,539,157
Current maturity of long term finances	129,050,857	75,000,000
Current portion of liabilities against assets subject to finance lease	56,087,209	55,172,957
	<b>1,268,252,814</b>	<b>1,164,227,544</b>
<b>NET CURRENT ASSETS</b>	<b>745,361,889</b>	<b>128,244,922</b>
<b>NON CURRENT LIABILITIES</b>		
Long term finances	740,672,203	647,767,810
Liabilities against assets subject to finance lease	89,400,066	103,056,970
Long term deposits	5,748,569	4,538,675
Long term payables	106,874,574	106,874,574
Deferred liability for staff gratuity	6,856,045	5,760,375
License fee payable	1,208,610,000	1,208,610,000
	<b>2,158,161,457</b>	<b>2,076,608,404</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
	<b>3,445,277,507</b>	<b>2,730,782,348</b>
<b>REPRESENTED BY</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	3,440,000,000	2,750,000,000
Accumulated profit/(loss)	5,277,507	(19,217,652)
	<b>3,445,277,507</b>	<b>2,730,782,348</b>

The annexed notes 1 to 7 form an integral part of these financial statements.

These financial statements were authorized for issue on 31 October 2005 by the Board of Directors of the Company.

Lahore

Chief Executive

Director

## Worldcall Telecom Limited

### PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	Quarter ended 30 September 2005 Rupees
REVENUE	593,760,805
DIRECT COSTS	(489,301,550)
<b>GROSS PROFIT</b>	<b>104,459,255</b>
OPERATING COSTS	(74,722,771)
<b>OPERATING PROFIT</b>	<b>29,736,484</b>
Finance costs	(16,263,444)
Other operating income	3,940,736
<b>PROFIT BEFORE TAXATION</b>	<b>17,413,776</b>
TAXATION	7,081,383
<b>PROFIT AFTER TAXATION</b>	<b>24,495,159</b>
<b>EARNINGS PER SHARE - BASIC</b>	<b>0.13</b>

The annexed notes 1 to 7 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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## Worldcall Telecom Limited

### CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	Quarter ended 30 September 2005 Rupees	Quarter ended 30 September 2004 Rupees
<b>Cash flows from operating activities</b>		
Profit before taxation	17,413,776	-
Adjustments for non-cash and other items:		
Depreciation and amortization	47,672,089	-
Finance costs	16,263,444	-
Exchange (gain)/loss	204,725	-
Provision for gratuity	1,247,670	-
	65,387,928	-
	82,801,704	-
<b>Adjustments for working capital items:</b>		
<b>(Increase)/decrease in current assets</b>		
Decrease in stock-in-trade	59,623	-
Increase in trade debts	(56,138,981)	-
Increase in loans and advances	(54,718,403)	(20,638,634)
Increase in deposits and prepayments	(27,231,878)	(66,887,670)
Increase in other receivables	(171,451,316)	(9,347,320)
Increase in short term investments	(660,000,000)	-
<b>Increase/(decrease) in current liabilities</b>		
Increase in trade and other payables	4,515,632	107,580,534
	(964,965,323)	10,706,910
	(882,163,619)	10,706,910
Finance costs paid	(16,191,923)	(7,669,944)
Gratuity paid	(152,000)	-
Taxes paid	(749,678)	(41,743)
<b>Net cash generated from / (used in) operating activities</b>	<b>(899,257,220)</b>	<b>2,995,223</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(175,601,108)	(119,104,738)
Payment for intangible assets	(10,000)	-
Increase in long term advances	(20,570)	(4,253,398)
Increase in long term deposits	(914,387)	(33,273,002)
<b>Net cash used in investing activities</b>	<b>(176,546,065)</b>	<b>(156,631,138)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term loan	146,824,000	50,000,000
Repayment of liabilities against assets subject to finance lease	(14,119,589)	(2,334,304)
Issuance of share capital	690,000,000	-
Share deposit money	-	93,659,070
Increase in long term deposits	1,209,894	-
<b>Net cash inflow from financing activities</b>	<b>823,914,305</b>	<b>141,324,766</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(251,888,980)</b>	<b>(12,311,149)</b>
<b>Cash and cash equivalents at the beginning of the quarter</b>	<b>562,388,711</b>	<b>25,003,480</b>
<b>Cash and cash equivalents at the end of the quarter</b>	<b>310,499,731</b>	<b>12,692,331</b>

The annexed notes 1 to 7 form an integral part of these financial statements.

#### Cash and Cash equivalents are comprised of the following:

	377,738,580	12,692,331
Cash and bank balances	377,738,580	12,692,331
Short term running finances	(67,238,849)	-
	310,499,731	12,692,331

Lahore

Chief Executive

Director

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## Worldcall Telecom Limited

### STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	Share capital Rupees	Share Deposit Rupees	Accumulated profit/(loss) Rupees	Total Rupees
<b>Balance as at 30 June 2004</b>	35,000	256,305,930	-	256,340,930
Share deposit money received	-	93,659,070	-	93,659,070
<b>Balance as at 30 September 2004</b>	<u>35,000</u>	<u>349,965,000</u>	<u>-</u>	<u>350,000,000</u>
<b>Balance as at 30 June 2005</b>	2,750,000,000	-	(19,217,652)	2,730,782,348
Share deposit money received	-	690,000,000	-	690,000,000
Issuance of share capital	690,000,000	(690,000,000)	-	-
Profit for the quarter ended 30 September 2005	-	-	24,495,159	24,495,159
<b>Balance as at 30 September 2005</b>	<u>3,440,000,000</u>	<u>-</u>	<u>5,277,507</u>	<u>3,445,277,507</u>

The annexed notes 1 to 7 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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## Worldcall Telecom Limited

### NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2005

#### 1. The Company and its operations

Worldcall Telecom Limited ("WTL" or "the Company") was incorporated in Pakistan on 15 March 2001 as public limited company under the Companies Ordinance, 1984. The principal activities of the Company are to provide Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan under licenses from Pakistan Telecommunications Authority. The Registered Office of the Company is located at 103 C-II, Gulberg III, Lahore.

#### 2. Basis of Presentation

These financial statements are being presented in condensed form in accordance with the requirements of International Accounting Standard-(IAS)-34 "Interim Financial Reporting". These financial statements are un-audited and are being submitted to shareholders, as required under section 245 of the Companies Ordinance, 1984.

#### 3. Accounting Policies

The Accounting policies adopted for the preparation of these quarterly financial statements are the same as those applied in preparation of annual published accounts of the Company for the year ended 30 June 2005.

	Note	30 September 2005 July-Sep Rupees	30 September 2004 July-Sep Rupees
<b>4. Fixed Assets</b>			
Property, plant and equipment	4.1	<u>2,317,085,774</u>	<u>267,664,722</u>
4.1 Opening book value		2,114,292,498	10,024,851
Add: Additions during the period	4.1.1	<u>240,253,445</u>	<u>259,119,106</u>
		<u>2,354,545,943</u>	269,143,957
Depreciation charged during the period		<u>37,460,169</u>	1,479,235
		<u>2,317,085,774</u>	<u>267,664,722</u>
<b>4.1.1 Breakup of additions</b>			
Lease hold improvements		670,410	53,650
Plant and machinery		37,837,935	-
Capital work-in-progress		197,856,408	239,846,459
Office equipment		366,581	471,307
Lab equipment		17,800	-
Computers		2,133,363	224,800
Furniture and fixtures		46,900	4,500
Vehicles		1,324,048	18,518,390
		<u>240,253,445</u>	<u>259,119,106</u>
<b>5. Transactions with Related Parties</b>			

Related parties comprise of major shareholders, directors, key management personnel, entities over which the directors are able to exercise influence. Worldcall Communications Limited, Worldcall Broadband Limited, First Capital Securities Corporation Limited, First Capital Associates (Private) Limited, Worldcall Mobile (Private) Limited, Worldcall Telephony Limited, Media Times(Private) Limited, Shaheen Insurance Company Limited, First Capital Mutual Fund Limited, First Capital Investment Limited, Pace Pakistan Limited, Worldcall Internet Solutions (Private) Limited, Pace SuperMall (Private) Limited, Lanka Securities(Private) Limited, WorldPress (Private) Limited, Pace Woodlands (Private) Limited, Total Media Limited and Worldcall Multimedia Limited are associated companies due to common directorship. The transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

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	30 September 2005 July-Sep Rupees	30 September 2004 July-Sep Rupees
<b>Worldcall Multimedia Limited</b>		
Internet services received	72,500	30,000
Mark-up charged	22,933	2,232
Shared expenses received	-	77,125
Call termination charges	402,169	-
Revenue from LDI services	202,554	-
Dark Fiber maintenance charges	222,120	-
CATV services	2,100	5,950
<b>Worldcall Broadband Limited</b>		
Mark-up expense	94,693	247,706
Call termination charges	1,180,235	-
Revenue from LDI services	3,294,820	-
Shared expenses received	74,744	827,536
<b>Worldcall Communications Limited</b>		
Mark-up expense	668,553	385,350
Revenue from LDI services	37,943,218	-
Shared expenses received	2,042,703	2,154,149
Cross corporate guarantee	-	580,000,000

The Company continues to have a policy whereby all transactions with related parties are entered into arm's length generally determined in accordance with "Comparable uncontrolled Price Method".

### 6. Contingencies and commitments

- 6.1 PTCL has billed 2.5 million excess minutes as compared to the Company's record due to which there is difference of Rs 17.6 million with PTCL on account of interconnect and settlement charges, which has not been provided for in these financial statements.
- 6.2 There is a difference of Rs 112 million between the amount billed by PTCL upto May 2005 and the amount charged by the Company on account of Domestic Private Lease Circuit (DPLC) charges. The difference is mainly due to following.
- 6.2.1 PTCL has billed the DPLC charges on the basis of rates defined in the Interim Reference Interconnect Offer (RIO) issued on 28 July 2004 ignoring the downward revision in rates through the revised RIO issued by PTA on 6 May 2005 with retrospective effect. Due to this the impact of Rs 40 million remains unprovided in these financial statements. The management is contesting the issue and expects that the matter will be settled in the Company's favour.
- 6.2.2 There is a difference of Rs 40 million due to the difference in formulae used by PTCL and the Company for the calculation of DPLC charges. PTCL has charged bandwidth on the basis of activation of DPLC link whereas the Company has calculated the bandwidth charges from the date of activation of Digital Interface Units (DIU) for commercial operation and in proportion to activation of DIUs related to each DPLC.
- 6.2.3 PTCL has charged the company Rs 32 million for the link between Karachi to Islamabad which has not yet been activated.

## Worldcall Telecom Limited

- 6.3 Letter of guarantees outstanding as at 30 September 2005 amounting to Rs 119.387 million (June 2005: Rs 51.370 million) are issued in favour of PTCL.
- 6.4 Commitments for capital expenditure amounting to Rs 382 million (June 2005: Rs 236.6 million).

### 7. General

- 7.1 Figures in the financial statements are rounded off to the nearest rupee.
- 7.2 Profit and loss account does not carry comparatives as the Company started commercial operations of LDI & WLL on 01 December 2004 and on 08 June 2005 respectively.
- 7.3 Previous period's figures have been rearranged and reclassified wherever necessary for the purpose of comparison. Major changes made during the period were reclassifications resulting from the submitted fourth schedule to the companies Ordinance, 1984.