

**QUARTERLY ACCOUNTS
(Un-Audited)**

31 March 2006

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

Board of Directors	Sulieaman Ahmed Said Al-Hoqani (Chairman) Salmaan Taseer (Chief Executive Officer) Shaan Taseer Aamna Taseer Tanvir Ahmad Air Vice Marshal (R) Syed Imtiaz Hyder Muhammad Bilal Sheikh Arshed Ahmed Khan Abid Raza
Chief Financial Officer	Muhammad Naveed Tariq
Audit Committee	Tanvir Ahmad Shaan Taseer Aamna Taseer
Company Secretary	Ahmad Bilal
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	Hosain & Rahim Advocates
Bankers	Allied Bank of Pakistan Limited Askari Commercial Bank Limited Crescent Commercial Bank Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited MCB 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
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor Modern Motors House, Beaumont Road, Karachi ☎ (021) 5689021, 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 (the Company) feel pleasure in presenting to the shareholders, the 3rd quarterly accounts for the period ended March 31, 2006.

CURRENT STATUS

The Directors are pleased to announce that WLL service has now been launched in sixteen (16) major cities of Punjab, which includes one or two cities of NWFP and Sindh. The Company is now embarking on its second phase of project deployment. The second phase will be rolled out in two stages and will cover 40 cities throughout Pakistan. The ordering process for stage-1 is in full swing and aggressively targeted the completion in the best possible shortest period of time.

The WLL subscriber base is constantly on the rise, a 14% increase in subscriber base has been recorded during the third quarter, which is promising and shows customers' satisfaction and trust on the Company.

The Company's foothold in the wireless-payphones market is showing signs of continuous improvement.

Major expansion is underway in the LDI division, whereby, a 53% capacity enhancement will be achieved with the installation of new media gateways.

ONGOING DEVELOPMENTS

The management of your Company is pleased to inform that the Honorable Lahore High Court has approved the scheme of arrangement/amalgamation for the merger of Worldcall Communications Limited, Worldcall Multimedia Limited and Worldcall Broadband Limited into Worldcall Telecom Limited on April 24, 2006. Necessary formalities shall be completed in order to make the merger effective. The effective date of the merger is 01 July 2005 and accordingly the Company will be issuing combined accounts for the year ending 30 June 2006.

Amatis Limited C/o Amaranth LLC, a US Hedge fund, has entered into convertible loan arrangement with the Company, whereby an amount of US\$ 25 million shall be provided to the Company subject to the terms and conditions set for the in the agreement. The contract in this regard has been signed and forwarded to State Bank of Pakistan for registration.

On our request for the staggering of balance spectrum fee, the Economic Coordination Committee of federal cabinet has granted a 4 year moratorium for payment of balance spectrum fee. In order to sort out the modalities of balance payment, a committee has been formed by Ministry of Information Technology which includes the representative from Ministry of Finance and Pakistan Telecommunication Authority.

OVERVIEW OF ACCOUNTS

The Company has earned total revenue of PKR 1.8 billion for the nine months ended March 2006. A gross margin of 17% was made with a cash profit of 174 million. Promising signs include a shift from 8% operating loss (PKR 44 million) for the second quarter to a 3%

operating profit (PKR 19 million) for the third quarter. This has been made possible by continuous efforts put in by the Management to maximize profits and optimize operational expenditure.

The Company is aggressively pursuing its deployment program to achieve the objective of being the single largest alternative fixed telephony services provider, after the incumbent.

FUTURE OUTLOOK

With the objective of providing a better and seamless WLL service, the Management has decided to further strengthen the existing network deployment by increasing the installed capacity. The first initiative in this respect is being taken in Lahore where additional BTS sites are being deployed.

The Management is keeping a keen eye on the upcoming competition and is focused on expanding the subscriber base, thereby, capitalizing on the first movers advantage in all virgin markets. With a view to stay competitive in the WLL market, the Management has taken an initiative to bring in more pull so as to complement the existing push strategy. Launch of P3K scheme is a step in this direction and the results have been very encouraging (average per day activations have doubled, subsequent to the launch of this scheme).

General

Worldcall appreciates the hard work and determination of its employees that has helped it to become one of the leading telecom companies in Pakistan. Worldcall continues to rely on its employees for its future expansion and believes in the mutual sharing of rewards that are a result of the endeavors of its employees. Worldcall Group condole the sudden sad demise of Mr. Tanvir Ahmad and join his family in this hour of grief. The Management pray to Allah Almighty to grant them courage to bear this loss and May his soul rest in peace.

For and on behalf of the Board of Directors

Lahore
28 April 2006

Salmaan Taseer
Chief Executive Officer

Worldcall Telecom Limited

BALANCE SHEET AS AT 31 MARCH 2006 (Un-Audited)

	Note	31 March 2006 Rupees	30 June 2005 Rupees
PROPERTY, PLANT AND EQUIPMENT	4	2,926,197,685	2,226,546,030
INTANGIBLE ASSETS		2,320,270,342	2,413,020,723
LONG TERM ADVANCES		9,943,640	6,423,070
LONG TERM DEPOSITS		30,694,472	132,705,733
DEFERRED TAXATION		37,671,716	12,703,806
		<u>5,324,777,855</u>	<u>4,791,399,362</u>
CURRENT ASSETS			
Stock-in-trade		4,236,226	436,390
Trade debts		272,504,620	300,367,332
Loans and advances		145,190,361	132,351,745
Deposits and prepayments		137,953,498	122,164,138
Other receivables		20,364,570	32,971,461
Cash and bank balances		621,319,020	591,927,868
		<u>1,201,568,295</u>	<u>1,180,218,934</u>
CURRENT LIABILITIES			
Trade and other payables		779,397,807	948,931,291
Interest and mark-up payable		15,880,332	55,584,139
Short term borrowings		53,908,273	29,539,157
Current maturity of long term finances		252,045,430	75,000,000
Current portion of liabilities against assets subject to finance lease		56,827,919	55,172,957
		<u>1,158,059,761</u>	<u>1,164,227,544</u>
NET CURRENT ASSETS		<u>43,508,534</u>	<u>15,991,390</u>
NON CURRENT LIABILITIES			
Long term finances		653,814,168	647,767,810
Liabilities against assets subject to finance lease		59,743,624	103,056,970
Long term deposits		10,910,094	4,538,675
Long term payables		39,225,680	106,874,574
Deferred liability for staff retirement benefits		8,911,473	5,760,375
License fee payable	6	1,206,000,000	1,208,610,000
		<u>1,978,605,039</u>	<u>2,076,608,404</u>
CONTINGENCIES AND COMMITMENTS	7	<u>3,389,681,350</u>	<u>2,730,782,348</u>
REPRESENTED BY			
SHARE CAPITAL AND RESERVES			
Share capital		3,440,000,000	2,750,000,000
Accumulated loss		(50,318,650)	(19,217,652)
		<u>3,389,681,350</u>	<u>2,730,782,348</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited

PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2006

	Quarter ended 31 March 2006 Rupees	Nine months ended 31 March 2006 Rupees	Quarter ended 31 March 2005 Rupees	Nine months ended 31 March 2005 Rupees
REVENUE	644,238,506	1,772,037,520	240,276,940	288,965,475
DIRECT COST	(527,926,837)	(1,464,661,428)	(208,605,423)	(257,470,533)
GROSS PROFIT	<u>116,311,669</u>	<u>307,376,092</u>	<u>31,671,517</u>	<u>31,494,942</u>
OPERATING COST	(97,688,825)	(302,954,924)	(17,942,883)	(27,545,933)
OPERATING PROFIT	<u>18,622,844</u>	<u>4,421,168</u>	<u>13,728,634</u>	<u>3,949,009</u>
Finance cost	(33,516,985)	(83,165,137)	(9,672,077)	(12,948,766)
Other operating income	6,244,889	22,675,061	4,251,379	5,668,193
PROFIT/(LOSS) BEFORE TAXATION	<u>(8,649,252)</u>	<u>(56,068,908)</u>	<u>8,307,936</u>	<u>(3,331,564)</u>
TAXATION	4,144,476	24,967,910	-	-
PROFIT/(LOSS) AFTER TAXATION	<u>(4,504,776)</u>	<u>(31,100,998)</u>	<u>8,307,936</u>	<u>(3,331,564)</u>
EARNINGS/(LOSS) PER SHARE - BASIC/DILUTED	<u>(0.01)</u>	<u>(0.10)</u>	<u>0.18</u>	<u>(0.07)</u>

The annexed notes 1 to 10 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 NINE MONTHS ENDED 31 MARCH 2006

	Nine months ended 31 March 2006 Rupees	Nine months ended 31 March 2005 Rupees
Cash flows from operating activities		
Loss before taxation	(56,068,908)	(3,331,564)
Adjustments for non-cash and other items:		
Depreciation and amortization	229,766,348	16,141,354
Provision for doubtful debts	92,349	-
Finance cost	83,165,137	12,948,766
Loss on sale of fixed assets	764,899	-
Provision for retirement benefits	3,861,626	740,061
	<u>317,650,359</u>	<u>29,830,181</u>
	261,581,451	26,498,617
Adjustments for working capital items:		
(Increase)/decrease in current assets		
Stock-in-trade	(3,799,836)	-
Trade debts	27,770,363	(160,880,983)
Loans and advances	(47,737,726)	12,801,223
Deposits and prepayments	(15,789,360)	(85,531,325)
Other receivables	18,255,743	(17,299,765)
Increase/(decrease) in current liabilities		
Trade and other payables	(251,495,646)	303,518,300
	<u>(272,796,462)</u>	<u>52,607,450</u>
	(11,215,011)	79,106,067
Finance costs paid	(150,866,025)	(22,881,420)
Retirement benefits paid	(1,007,260)	(29,900)
Taxes paid	(5,648,852)	(374,174)
Net cash (used in)/generated from operating activities	<u>(168,737,148)</u>	<u>55,820,573</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(761,737,542)	(916,939,287)
Payment for intangible assets	(3,656,000)	(1,230,349,983)
Increase in short term investment	-	(45,451,405)
Sale proceeds from disposal of fixed assets	3,625,000	-
Increase in long term advances	(20,570)	(2,843,371)
Decrease/(Increase) in long term deposits	102,011,261	(133,039,512)
Net cash used in investing activities	<u>(659,777,851)</u>	<u>(2,328,623,558)</u>
Cash flows from financing activities		
Proceeds from long term loan	216,324,000	440,200,000
Repayment of long term loan	(37,500,000)	-
Repayment of liabilities against assets subject to finance lease	(41,658,384)	(19,709,638)
Issuance of share capital	690,000,000	1,983,659,070
Share deposit money	-	300,000,000
Increase in long term deposits	6,371,419	-
Net cash inflow from financing activities	<u>833,537,035</u>	<u>2,704,149,432</u>
Net increase in cash and cash equivalents	5,022,036	431,346,447
Cash and cash equivalents at the beginning of the period	<u>562,388,711</u>	<u>25,003,480</u>
Cash and cash equivalents at the end of the period	<u>567,410,747</u>	<u>456,349,927</u>
Cash and Cash equivalent comprised the following:		
Cash and bank balances	621,319,020	485,161,886
Short term running finances	(53,908,273)	(28,811,959)
	<u>567,410,747</u>	<u>456,349,927</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2006

	Share capital Rupees	Share Deposit Money Rupees	Accumulated profit/(loss) Rupees	Total Rupees
Balance as at 30 June 2004	35,000	256,305,930	-	256,340,930
Share deposit money received	-	2,283,659,070	-	2,283,659,070
Issuance of share capital	2,239,965,000	(2,239,965,000)	-	-
Net loss for the period	-	-	(3,331,564)	(3,331,564)
Balance as at 31 March 2005	<u>2,240,000,000</u>	<u>300,000,000</u>	<u>(3,331,564)</u>	<u>2,536,668,436</u>
Share deposit money received	-	210,000,000	-	210,000,000
Issuance of share capital	510,000,000	(510,000,000)	-	-
Net loss for the period	-	-	(15,886,088)	(15,886,088)
Balance as at 30 June 2005	<u>2,750,000,000</u>	<u>-</u>	<u>(19,217,652)</u>	<u>2,730,782,348</u>
Share deposit money received	-	690,000,000	-	690,000,000
Issuance of share capital	690,000,000	(690,000,000)	-	-
Net loss for the period	-	-	(31,100,998)	(31,100,998)
Balance as at 31 March 2006	<u>3,440,000,000</u>	<u>-</u>	<u>(50,318,650)</u>	<u>3,389,681,350</u>

The annexed notes 1 to 10 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 NINE MONTHS ENDED 31 MARCH 2006

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 and method of computation adopted for the preparation of these accounts are the same as those applied in preparation of accounts for the preceding year ended 30 June 2005, except for changes disclosed in the half yearly accounts ended December 31, 2005.

	Note	31 March 2006 Rupees	30 June 2005 Rupees
4. Property, Plant and Equipment			
Property, plant and equipment	4.1	<u>2,926,197,685</u>	<u>2,226,546,030</u>
4.1 Opening book value		<u>2,226,546,030</u>	196,188,039
Add: Additions/transfers during the period/year	4.1.1	<u>2,662,395,433</u>	<u>2,813,646,804</u>
		<u>4,888,941,463</u>	<u>3,009,834,843</u>
Transfers from capital work in progress (CWIP) during the period/year		<u>(1,791,849,348)</u>	<u>(742,584,336)</u>
Disposals for the period/year		<u>(5,602,191)</u>	<u>(1,613,980)</u>
Depreciation charged during the period/year		<u>(165,292,239)</u>	<u>(39,090,497)</u>
		<u>2,926,197,685</u>	<u>2,226,546,030</u>
4.1.1 Breakup of additions			
Lease hold improvements		15,730,814	196,010
Plant and machinery- Additions		64,742,279	26,564,118
-Transfers from CWIP		1,791,849,348	742,584,336
Office equipment		880,575	1,601,198
Lab equipment		4,601,447	318,873
Computers		5,890,813	8,031,230
Furniture and fixtures		146,760	399,960
Vehicles		4,279,869	50,894,818
Capital work in progress		<u>774,273,528</u>	<u>1,983,056,261</u>
		<u>2,662,395,433</u>	<u>2,813,646,804</u>
Disposals			
Vehicles-WDV		<u>(5,602,191)</u>	<u>(1,613,980)</u>

Worldcall Telecom Limited

5. Transactions with Related Parties

Related parties comprise of Directors, key management personnel, major shareholders and associated companies. Transaction with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	31 March 2006 Rupees	31 March 2005 Rupees
Worldcall Multimedia Limited		
Internet and Bandwidth services received	4,652,697	1,394,500
Mark-up charged	37,596	31,496
Advertisement	2,470,073	-
Call termination charges	1,589,821	-
Revenue	1,552,588	-
Dark fiber maintenance charges	668,671	-
CATV services	6,300	10,150
Worldcall Broadband Limited		
Mark-up expense	298,353	1,805,473
Group pool expenses charged by	-	964,361
Group pool expenses charged to	-	1,945,408
Call termination charges	4,152,026	-
Revenue	9,727,503	-
Equipment transferred	-	70,153,072
Worldcall Communications Limited		
Consultancy Services	-	20,000,000
Mark-up expense	1,385,737	2,239,129
Group pool expenses	-	6,358,056
Distribution Commission	12,847,570	-
Revenue	298,876,265	-
Cross corporate guarantee	200,000,000	780,000,000
First Capital Securities Corporation Limited		
Consultancy services received	8,500,000	13,600,000
Total Media Limited		
Advertisement	499,998	-
Revenue	56,052	-
Media Times (Pvt) Limited		
Advertisement	5,144,680	-
Revenue	149,839	-

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. The Economic Coordination Committee (ECC) has approved staggering of the 50% balance license fee, with four years moratorium and 10 equal annual installments. However written communication in this regard is awaited from Pakistan Telecommunication Authority (PTA).

7. Contingencies and commitments

7.1 There is difference of Rs. 74.9 million with PTCL on account of interconnect and settlement charges due to minutes and wrong application of formula , which has not been provided for in these financial statements.

7.2 PTCL has charged Rs. 45.18 million in respect of unsuccessful calls for national origination (A-Leg) which are not payable as per clause 3.1.1 of Schedule 11 of Reference Interconnect Offer (RIO).

7.3 There is a difference of Rs 50.5 million between the amount billed by PTCL and the amount charged by the Company on account of Domestic Private Lease Circuit (DPLC) charges. The difference is mainly due to following:

7.3.1 Difference of Rs. 28.3 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.

7.3.2 The remaining difference mainly represents charges for the lease media surrendered amounting to Rs. 14.4 million.

7.4 Letter of guarantees outstanding as at 31 March 2006 amounting to Rs. 89.80 million (2005: Rs 51.370 million) and Rs. 35.60 million (2005: Rs Nil) are issued in favour of PTCL and Mobilink respectively as security for interconnect and settlement charges.

7.5 Commitments for capital expenditure amounting to Rs. 302.7 million (2005: Rs. 236.6 million).

8 Merger

With the view to consolidate the Telecom and Broadband businesses a scheme of merger/amalgamation of Worldcall Communications Limited, Worldcall Multimedia Limited and Worldcall Broadband Limited with that of Worldcall Telecom Limited (WTL) was approved by the Board of Directors on January 16, 2006 and subsequently by the shareholders in the extra ordinary general meeting held under the order and supervision of Honorable Lahore High court on 15 April 2006. The Honorable Lahore High Court has Approved the Scheme of Arrangement for merger/amalgamation on April 24, 2006. The order from the Court is in the issuance process, thereafter, necessary formalities shall be completed in order to make the merger effective. The effective date of the merger is 01 July 2005 and accordingly the company will be issuing combined accounts for the year ending 30 June 2006.

9. Date of authorization

These financial statements were authorized for issue on 28 April 2006 by the Board of Directors of the Company.

10. General

10.1 Figures in the financial statements are rounded off to the nearest rupee.

10.2 Previous period's figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

Lahore

Chief Executive

Director