QUARTERLY ACCOUNTS
(Un-Audited)

31 March 2007

Worldcall Telecom Limited

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.

Worldcall Telecom Limited

Contents

Worldcall Telecom Limited

COMPANY INFORMATION

Board of Directors	Sulieman 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.

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

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		**4,731,541**	4,826,751
Investment properties		**66,140**	56,634
Long term investments - at cost		**100,072**	100,072
Long term deposits		**195,927**	199,704
Deferred costs		**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
Net current assets		**1,366,235**	1,822,129
Non current liabilities			
Term finance certificates - secured	6	**344,090**	49,909
Long term finances		**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**

CONDENSED 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')		**(Rupees in '000')**	
Revenue -Net	**3,199,888**	3,331,995	**1,101,903**	1,142,341
Direct cost	**(1,753,999)**	(2,264,021)	**(572,888)**	(770,665)
Gross profit	**1,445,889**	1,067,974	**529,015**	371,676
Operating cost	**(763,539)**	(791,767)	**(250,752)**	(262,333)
Operating profit	**682,350**	276,207	**278,263**	109,343
Finance cost	**(195,866)**	(164,674)	**(70,305)**	(55,852)
	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	**105,838**	98,154	**26,485**	54,379
Profit before taxation	**673,290**	240,694	**210,073**	118,715
Taxation	**(107,620)**	(44,058)	**(30,815)**	(9,662)
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**

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**

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

	Share capital	Capital reserves: Share premium	Capital reserves: Convertible loan reserve	Capital reserves: Share deposit money	Revenue reserve: Accumulated profit/(loss)	Total
	(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**

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 polices 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.

	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*	**1,229,774**	3,098,519
		7,203,566	6,494,744
Disposals for the period/year - WDV	*5.2*	**(15,974)**	(19,810)
Depreciation for the period/year		**(466,418)**	(501,142)
Closing book value		**6,721,174**	5,973,792
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
		1,229,774	3,098,519
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)
		(15,974)	(19,810)
6 Term Finance Certificates - Secured			
Term Finance Certificates	*6.1*	**399,969**	149,909
Unamortized transaction cost		**(6,923)**	-
		393,046	149,909
Amortization of TFC transaction cost		**1,154**	-
		394,200	149,909
Less: Current maturity		**50,110**	100,000
		344,090	49,909

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.

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	**191,699**	196,161
8.7 Commitments in respect of capital expenditure	**148,787**	66,349
8.8 Outstanding letters of credit	**176,617**	324,277

	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)
Associated companies	(Rupees in '000')	
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.

Lahore **Chief Executive** **Director**

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

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
		8,163,775	6,899,609
Intangible assets		**4,760,588**	4,855,798
Investment properties		**66,140**	56,634
Long term investments - at cost		**16,147**	27,923
Long term deposits		**195,927**	199,704
Deferred costs		**6,397**	10,063
		13,208,974	12,049,731
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
		2,985,838	3,878,440
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
		1,630,175	2,059,923
Net current assets		**1,355,663**	1,818,517
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
		2,799,041	2,647,340
Contingencies and commitments	9		
		11,765,596	11,220,908
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
Exchange translation reserve		**(2,038)**	(845)
Unappropriated profit		**2,428,410**	1,879,824
Capital and reserves attributable to equity holders of the parent		**11,758,296**	11,210,903
Minority interest		**7,300**	10,005
		11,765,596	11,220,908

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 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')		(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	**1,447,758**	1,073,981	**529,593**	374,758
Operating cost	**(772,956)**	(801,383)	**(254,214)**	(265,199)
Operating profit	**674,802**	272,598	**275,379**	109,559
Finance cost	**(195,866)**	(164,674)	**(70,305)**	(55,852)
	478,936	107,924	**205,074**	53,707
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	**654,001**	228,401	**204,313**	117,341
Taxation	**(107,620)**	(44,058)	**(30,815)**	(9,662)
Profit after taxation	**546,381**	184,343	**173,498**	107,679
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	**546,381**	184,343	**173,498**	107,679
Earnings per share - basic *(Rupees)*	**0.73**	0.27	**0.23**	0.15
Earnings per share - diluted *(Rupees)*	**0.61**	0.27	**0.19**	0.15

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

Lahore **Chief Executive** **Director**

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	*10*	**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**

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

	Share capital	Share premium	Capital reserves: Currency translation reserve	Capital reserves: Convertible loan reserve	Capital reserves: Share deposit money	Revenue reserve: Accumulated profit/(loss)	Minority Interest	Total
				(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)	-	-	**-**
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	-	-	-	-	-	185,402	(1,059)	**184,343**
	-	-	(805)	-	-	185,402	(1,389)	**183,208**
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	-	-	-	-	-	744,024	(14)	**744,010**
	-	-	(40)	1,400,430	-	744,024	(31)	**2,144,383**
Balance as at 30 June 2006	6,539,658	1,391,836	(845)	1,400,430	-	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 ended 31 March 2007	-	-	-	-	-	548,586	(2,205)	**546,381**
	980,949	(980,949)	(1,193)	-	-	548,586	(2,705)	**544,688**
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 2007	30 June 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	*6.1*	**1,228,540**	3,102,522
		7,240,816	6,536,198
Disposals for the period/year - WDV	6.2	**(15,974)**	(19,810)
Depreciation for the period/year		**(469,051)**	(504,112)

		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
		1,228,540	3,102,522

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)
		(15,974)	(19,810)

7 Term Finance Certificates - Secured

Term Finance Certificates	*7.1*	**399,969**	149,909
Unamortized transaction cost		**(6,923)**	-
		393,046	149,909
Amortization of TFC transaction cost		**1,154**	-
		394,200	149,909
Less: Current maturity		**50,110**	100,000
		344,090	49,909

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:

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	**191,699**	196,161
9.7 Commitments in respect of capital expenditure	**148,787**	66,349
9.8 Outstanding letters of credit	**176,617**	324,277

	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

	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:

- 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	2,472,762	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.