

**CONDENSED
QUARTERLY ACCOUNTS
(Un-Audited)**

30 September 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.

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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) Arshad Rashid Sethi 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 Bank Limited Bank Al-Falah Limited Barclays Bank Plc Citi Bank N.A Pakistan Deutsche Bank AG Faysal Bank Limited First Women Bank Limited Habib Bank AG Zurich Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan 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 No.3, Dr. Ziauddin Ahmed Road Karachi ☎ (021) 111-000-322, 5689021
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 financial statements for the quarter ended September 30, 2007.

Financial Overview

During the period under review the Company earned profit after tax of Rs. 143.3 million as compared to Rs. 160.2 million which included a one-off gain on re-measurement of long term liabilities of Rs 79.8 million in the corresponding period last year. Gross profit showed significant growth due to increase in revenue by 8% and decrease in direct cost by 20%. Operating cost is almost at the same level due to management's continuing endeavors for best utilization of resources. Cash flow from operations has increased by 167% showing healthy improvement. EPS for the quarter under review is Rs. 0.19 as compared to the Rs. 0.21 for the corresponding quarter of the previous year.

Future Outlook

Telecom operations in Pakistan have become a main focal point for international investors, given the anticipated growth in the sector is phenomenal, especially for operators focusing on the data side employing Edge, HFC, EVDO and WiMAX technologies. The recent acquisitions of the DNOP (Data Network Operators) illustrate the potential in this segment.

The Company is working aggressively towards the goals set for the year such as arrangement of financing to fund the expansion plans to meet targets. A term sheet in this regard amounting to Rs. 3 billion has been signed with Habib Bank Limited (HBL) for the issuance of Term Finance Certificates (TFCs).

Board of Directors of Oman Telecommunications Company (Omantel) has approved and offered to acquire majority shares in WTL along with management control from existing sponsors. A meeting of Board of Directors of the Company is to be held on 05 November 2007 to discuss the

matters arising pursuant to the Omantel offer. The proposed sale is subject to legal, corporate and regulatory approvals, where required.

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
October 30, 2007

Salmaan Taseer
Chief Executive Officer

Worldcall Telecom Limited

CONDENSED BALANCE SHEET (UN-AUDITED) AS AT 30 SEPTEMBER 2007

Note	30 September 2007	30 June 2007
	(Rupees in '000')	
Non current assets		
Tangible fixed assets		
Property, plant and equipment	5 8,186,226	7,643,496
Capital work-in-progress	1,630,118	1,780,544
	<u>9,816,344</u>	<u>9,424,040</u>
Intangible assets	4,672,501	4,704,499
Investment properties	72,150	72,150
Long term investments - at cost	58,758	58,758
Long term deposits	232,197	223,383
Deferred costs	3,392	4,727
	<u>14,855,342</u>	<u>14,487,557</u>
CURRENT ASSETS		
Store and spares	33,508	67,451
Stock in trade	31,269	35,187
Trade debts	989,778	899,052
Loans and advances - considered good	134,875	115,195
Deposits and prepayments	171,222	178,320
Other receivables	555,403	410,245
Short term investments	541,588	570,941
Income tax recoverable-net	64,733	58,229
Cash and bank balances	674,625	560,575
	<u>3,197,001</u>	<u>2,895,195</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	888,961	751,320
Running finance under mark-up arrangements - secured	603,396	525,459
Trade and other payables	1,012,301	1,039,068
Interest and mark-up accrued	37,746	31,981
	<u>2,542,404</u>	<u>2,347,828</u>
NET CURRENT ASSETS	654,597	547,367
NON CURRENT LIABILITIES		
Term finance certificates - secured	342,855	342,855
Long term finances	931,689	677,464
Deferred taxation	687,287	666,625
Retirement benefits	108,995	98,856
Liabilities against assets subject to finance lease	191,291	194,026
Long term payables- secured	130,686	134,127
Long term deposits	60,520	59,774
License fee payable	858,875	806,791
	<u>3,312,198</u>	<u>2,980,518</u>
Contingencies and commitments	6 12,197,741	12,054,406
	<u>12,197,741</u>	<u>12,054,406</u>
Represented By		
Share capital and reserves		
Authorized capital		
900,000,000 (2007: 900,000,000) ordinary shares of Rs. 10 each	9,000,000	9,000,000
Issued, subscribed and paid up capital	7,520,607	7,520,607
Share premium	410,887	410,887
Convertible loan reserve	1,403,575	1,403,575
Accumulated profit	2,664,879	2,521,544
	<u>11,999,948</u>	<u>11,856,613</u>
Surplus on Revaluation	197,793	197,793
	<u>12,197,741</u>	<u>12,054,406</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited

CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Quarter ended 30 September 2007	Quarter ended 30 September 2006
	(Rupees in '000')	
Revenue -Net	1,185,367	1,095,496
Direct cost	(617,498)	(775,269)
	<u>567,869</u>	<u>320,227</u>
Gross profit		
Operating cost	(257,567)	(241,150)
	<u>310,302</u>	<u>79,077</u>
Operating profit		
Finance cost	(108,297)	(64,993)
	<u>202,005</u>	<u>14,084</u>
(Loss)/Gain on re-measurement of investments at fair value	(16,800)	46,658
Gain on re-measurement of long term liabilities at present value	-	79,817
Other operating (loss)/income	(21,154)	52,353
	<u>164,051</u>	<u>192,912</u>
Profit before taxation		
Taxation	(20,716)	(32,703)
	<u>143,335</u>	<u>160,209</u>
Profit after taxation		
Earnings per share - basic	(Rupees) 0.19	0.21
Earnings per share - diluted	(Rupees) 0.17	0.19

The appropriations have been shown in the statement of changes in equity.

The annexed notes 1 to 11 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited

CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

Note	30 September 2007	30 September 2006
	(Rupees in '000')	
Cash flows from operating activities		
Cash generated from/(used in) operations	7	336,258
		(261,465)
(Increase)/Decrease in long term deposits receivable	(8,814)	2,186
Increase/(Decrease) in long term deposits payable	746	(23,659)
(Decrease) in long term payables	(3,441)	-
(Decrease) in license fee payable	(8,875)	-
Retirement benefits paid	(2,345)	(4,388)
Finance cost paid	(84,707)	(37,080)
Taxes paid	(6,558)	(7,827)
Net cash generated from/(used in) operating activities	222,264	(332,233)
Cash flow from investing activities		
Fixed capital expenditure	(585,260)	(516,686)
Intangible asset acquired	(37)	(146)
Sale proceeds of property, plant and equipment	23,411	8
Short term investments - Net	(16,867)	(53,475)
Net cash used in investing activities	(578,753)	(570,299)
Cash flow from financing activities		
Repayment of term finance certificates	(49,970)	(49,970)
Receipt of long term finances	705,864	10,101
Repayment of long term finances	(203,633)	(79,355)
Repayment of finance lease liabilities	(59,659)	(46,332)
Net cash generated from/(used in) financing activities	392,602	(165,556)
Net increase/(decrease) in cash and cash equivalents	36,113	(1,068,088)
Cash and cash equivalents at the beginning of the quarter	35,116	1,179,583
Cash and cash equivalents at the end of the quarter	71,229	111,495
Cash and cash equivalents comprised of the following:		
Cash and bank balances	674,625	399,716
Running finances under markup arrangements - secured	(603,396)	(288,221)
	71,229	111,495

The annexed notes 1 to 11 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Capital reserves			Revenue reserve	Total
	Share capital	Share premium	Convertible loan reserve	Un-appropri- ated profit	
	(Rupees in '000')				
Balance as at 30 June 2006	6,539,658	1,391,836	1,400,430	1,898,008	11,229,932
Net profit for the quarter	-	-	-	160,209	160,209
Balance as at 30 September 2006	6,539,658	1,391,836	1,400,430	2,058,217	11,390,141
Reimbursement of transaction cost related to equity component of convertible loan	-	-	3,145	-	3,145
Bonus shares issued	980,949	(980,949)	-	-	-
Net profit for the period	-	-	-	463,327	463,327
Balance as at 30 June 2007	7,520,607	410,887	1,403,575	2,521,544	11,856,613
Net profit for the quarter	-	-	-	143,335	143,335
Balance as at 30 September 2007	7,520,607	410,887	1,403,575	2,664,879	11,999,948

The annexed notes from 1 to 11 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 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 Accounting convention and basis of preparation

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 2007. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

3. Significant accounting judgements and estimate

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 2007.

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 2007.

	Note	30 September 2007	30 June 2007
(Rupees in '000')			
5. Property, Plant and Equipment			
Opening book value		7,643,496	5,973,792
Revaluation Surplus		-	304,297
Additions/transfers during the quarter/year	5.1	765,056	2,117,145
		8,408,552	8,395,234
Disposals for the quarter/year - WDV	5.2	(43)	(25,398)
Depreciation for the quarter/year		(222,283)	(726,340)
Closing book value		8,186,226	7,643,496
5.1 Break-up of additions			
Freehold land		-	19,800
Leasehold improvements		667	13,639
Plant and equipment		753,747	1,957,202
Office equipment		4,439	6,460
Computers		4,396	24,286
Furniture and fixtures		270	2,089
Vehicles		1,483	87,655
Lab and other equipment		54	6,014
		765,056	2,117,145
5.2 Break-up of disposals			
Plant and equipment		-	(3,547)
Office equipment		-	(171)
Computers		(43)	(40)
Vehicles		-	(21,520)
Furniture and fixtures		-	(120)
		(43)	(25,398)
6 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 2007 except for the following:			
6.1	PTCL has charged the Company excess Domestic Private Lease Circuits (DPLC) and International Private Lease Circuits (IPLC) charges amounting to Rs. 37.23 million (2007: Rs. 20.2 million) on account of difference in rates. Further the Company has also deposited Rs. 40 million (2007 : Rs. 40 million) in Escrow account on account of dispute of charging of 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 link and excess charging in respect of Karachi-Rawalpindi link which was never activated.		
6.2	Last year, the sales tax authorities served show cause notices to various payphone companies, including the Company on account of alleged wrong claim of refund of Rs.		

Worldcall Telecom Limited

167 million under section 66 of the Sales Tax Act 1990. Subsequent to the balance sheet date at June 30, 2007, Additional Collector (Adjudication) Sales Tax Lahore has given a decision against the Company and imposed a penalty on the Company and Chief Executive, equivalent to the amount of original alleged claim. During the period, the Company has filed appeal before Collector Sales Tax (Appeals) and Complaint has been filed in Federal Tax Ombudsman against the imposition of penalty. In addition to the above the Chief Executive has filed separate writ petition in Honorable Lahore High Court against the imposition of penalty on him. The management believes based upon the factual and legal grounds that matter will be decided in favour of the Company at a higher judicial forum.

	30 September 2007	30 June 2007
	(Rupees in '000')	
Commitments		
6.3 Outstanding guarantees	181,612	195,569
6.4 Commitments in respect of capital expenditure	95,718	179,261
6.5 Outstanding letters of credit	60,288	31,084

	30 September 2007	30 September 2006
	(Rupees in '000')	

7 Cash generated from operations

Profit before taxation	164,051	192,912
Adjustment for non-cash charges and other items:		
Depreciation	222,283	162,492
Amortization	48,325	33,119
Loss on sale of investments	29,420	-
Loss/(profit) on disposal of property, plant and equipment	-	(5)
Loss/(Gain) on re-measurement of investments at fair value	16,800	(46,658)
Gain on re-measurement of long term liabilities at present value	-	(79,817)
Retirement benefits	12,484	8,768
Finance cost	80,267	64,993
Profit before working capital changes	573,630	335,804

Effect on cash flow due to working capital changes:

(Increase)/Decrease in the current assets

Stores and spares	33,943	3,065
Stock in trade	3,918	(5,310)
Trade debts	(90,726)	(96,912)
Loans and advances	(19,680)	(284,031)
Deposits and short term prepayments	7,098	(3,137)
Other receivables	(145,158)	(82,931)
Increase/(Decrease) in current liabilities		
Trade and other payables	(26,767)	(128,013)
	(237,372)	(597,269)
	336,258	(261,465)

Worldcall Telecom Limited

8 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:

	30 September 2007	30 September 2006
	(Rupees in '000')	
Associated companies		
Purchase of goods and services	13,051	1,787
Interest on loan charged	1,024	2,040
Sale of goods and services	1,884	4,898

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

9 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.

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.

All inter-segment sales are on arms length basis.

Segment analysis for the quarter ended 30 September 2007.

	Telecom	Broadband	Eliminations	Total
	(Rupees in '000')			
Sales				
External sales	848,874	404,117	-	1,252,991
Inter-segment sales	2,245	5,979	(8,224)	-
Sales tax	(29,988)	(8,588)	-	(38,576)
Discount and commission	(26,129)	(2,919)	-	(29,048)
Total revenue	795,002	398,589	(8,224)	1,185,367
Profit before tax and unallocated expenses	(21,609)	185,660	-	164,051
Unallocated corporate expenses				
Taxation				(20,716)
Profit after taxation				143,335

Worldcall Telecom Limited

	Telecom	Broadband	Total
	(Rupees in '000')		
Segment assets and liabilities			
Segment assets	13,332,017	4,720,331	18,052,348
Consolidated total assets			<u>18,052,348</u>
Segment liabilities	4,090,583	1,076,737	5,167,320
Unallocated segment liabilities			687,287
Consolidated total liabilities			<u>5,854,607</u>
Segment capital expenditure	742,924	18,012	760,936
			<u>760,936</u>
Non-cash expenses other than depreciation and amortization	<u>56,717</u>	<u>4,262</u>	<u>60,979</u>
Depreciation and amortization	<u>186,606</u>	<u>67,712</u>	<u>254,318</u>

Segment analysis for the quarter ended 30 September 2006

	Telecom	Broadband	Eliminations	Total
	(Rupees in '000')			
Sales				
External sales	964,922	245,590		1,210,512
Inter-segment sales	2,249	8,517	(10,766)	-
Sales tax	(57,339)	(8,226)		(65,565)
Discount and commission	(47,367)	(2,084)		(49,451)
Total revenue	<u>862,465</u>	<u>243,797</u>	<u>(10,766)</u>	<u>1,095,496</u>
Profit before tax and unallocated expenses	120,570	72,342		192,912
Unallocated corporate expenses				
Taxation				(32,703)
Profit after taxation				<u>160,209</u>

Segment assets and liabilities as at June 30, 2007

	Telecom	Broadband	Total
	(Rupees in '000')		
Segment assets	12,938,245	4,444,507	17,382,752
Consolidated total assets			<u>17,382,752</u>
Segment liabilities	3,671,906	989,815	4,661,721
Unallocated segment liabilities			666,625
Consolidated total liabilities			<u>5,328,346</u>
Segment capital expenditure	1,673,127	449,157	2,122,284
			<u>2,122,284</u>
Non-cash expenses other than depreciation and amortization	<u>187,280</u>	<u>40,044</u>	<u>227,324</u>
Depreciation and amortization	<u>656,291</u>	<u>197,440</u>	<u>853,731</u>

Worldcall Telecom Limited

10 Date of authorization for issue

These condensed financial statements were authorized for issue on October 30, 2007 by the Board of Directors of the Company.

11 General

11.1 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)**

30 SEPTEMBER 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 quarter ended September 30, 2007.

Operating Results

Revenues for the quarter are Rs. 1,189 million as compared to Rs. 1,101 million in the corresponding period last year. During the period under review the Company earned profit after tax of Rs. 141 million as compared to Rs 152.8 million, which included a one-off gain on re-measurement of long term liabilities in the corresponding period last year. Combined earning per share for the period under review is Rs. 0.19 as compared to Rs 0.20 in corresponding period last year.

Group Foreign Subsidiary

Worldcall Telecommunications Lanka (Pvt) Limited (WCTL)

The company posted a gross profit of SLR 0.18 million as compared to SLR 2.35 million in the corresponding period last year. Net loss for the period under review has increased to SLR 5.58 million as compared to SLR 3.06 million for the corresponding quarter last year. The management is evaluating other avenues to improve profitability of the company.

On behalf of the Board of Directors

Lahore
October 30, 2007

Salmaan Taseer
Chief Executive Officer

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED) AS AT 30 SEPTEMBER 2007

Note	30 September 2007	30 June 2007
(Rupees in '000')		
Non current assets		
Tangible fixed assets		
Property, plant and equipment	6	8,219,058
Capital work-in-progress		1,630,338
		9,849,396
		7,677,460
		1,780,893
		9,458,353
Intangible assets		
		4,672,501
		4,704,499
Investment properties		
		72,150
		72,150
Long term investments - at cost		
		38,914
		29,680
Long term deposits		
		232,197
		223,383
Deferred costs		
		3,392
		4,727
		14,868,550
		14,492,792
CURRENT ASSETS		
Store and spares	33,508	67,451
Stock in trade	32,074	36,201
Trade debts	991,047	899,714
Loans and advances - considered good	134,875	115,195
Deposits and prepayments	171,541	178,787
Other receivables	557,143	412,103
Short term investments	541,588	570,941
Income tax recoverable-net	64,728	58,224
Cash and bank balances	676,147	562,985
	3,202,651	2,901,601
CURRENT LIABILITIES		
Current maturities of non-current liabilities	888,961	751,320
Running finance under mark-up arrangements - secured	603,396	525,459
Trade and other payables	1,017,627	1,044,306
Interest and mark-up accrued	37,746	31,981
	2,547,730	2,353,066
	654,921	548,535
NET CURRENT ASSETS		
		12,196,061
		12,046,755
NON CURRENT LIABILITIES		
Term finance certificates - secured	342,855	342,855
Long term finances	931,689	677,464
Deferred taxation	687,287	666,625
Retirement benefits	109,444	99,311
Liabilities against assets subject to finance lease	191,291	194,026
Long term payables- secured	144,610	146,873
Long term deposits	61,359	60,627
License fee payable	858,875	806,791
	3,327,410	2,994,572
Contingencies and commitments	7	
		12,196,061
		12,046,755
Represented By		
Share capital and reserves		
Authorized capital		
900,000,000 (2007: 900,000,000) ordinary shares of Rs. 10 each	9,000,000	9,000,000
Issued, subscribed and paid up capital	7,520,607	7,520,607
Share premium	410,887	410,887
Convertible loan reserve	1,403,575	1,403,575
Exchange translation reserve	(2,484)	(2,301)
Accumulated profit	2,660,348	2,509,902
Capital and reserves attributable to equity holders of the Company	11,992,933	11,842,670
Minority interest	5,335	6,292
	11,998,268	11,848,962
Surplus on Revaluation	197,793	197,793
	12,196,061	12,046,755

The annexed notes from 1 to 12 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Quarter ended 30 September 2007	Quarter ended 30 September 2006
(Rupees in '000')		
Revenue -Net	1,188,594	1,101,084
Direct cost	(621,463)	(779,482)
Gross profit	567,131	321,602
Operating cost	(259,686)	(244,315)
	307,445	77,287
Operating profit	307,445	77,287
Finance cost	(108,444)	(64,993)
	199,001	12,294
(Loss)/Gain on re-measurement of investments at fair value	(16,800)	46,658
Gain on re-measurement of long term liabilities at present value	-	79,817
Other operating (loss)/income	(21,154)	52,353
Profit before taxation and share from associate	161,047	191,122
Share of profit/ (loss) from associate	1,281	(5,556)
	162,328	185,566
Taxation	(21,084)	(32,703)
Profit after taxation	141,244	152,863
Attributable to:		
Equity holders of the Company	142,126	153,388
Minority Interest	(882)	(525)
	141,244	152,863
Earnings per share - basic	(Rupees) 0.19	0.20
Earnings per share - diluted	(Rupees) 0.17	0.18

The appropriations have been shown in the statement of changes in equity.

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Note	30 September 2007	30 September 2006
(Rupees in '000')			
Cash flows from operating activities			
Cash generated from/(used in) operations	8	334,193	(262,571)
(Increase)/Decrease in long term deposits receivable		(8,814)	2,186
Increase/(Decrease) in long term deposits payable		732	(23,659)
(Decrease) in long term payables		(2,263)	-
(Decrease) in license fee payable		(8,875)	-
Retirement benefits paid		(2,345)	(4,388)
Finance cost paid		(84,855)	(37,080)
Taxes paid		(6,558)	(7,827)
Net cash generated from/(used in) operating activities		221,215	(333,339)
Cash flow from investing activities			
Fixed capital expenditure		(585,099)	(517,159)
Intangible asset acquired		(37)	(146)
Sale proceeds of property, plant and equipment		23,411	8
Short term investments - Net		(16,867)	(53,475)
Net cash used in investing activities		(578,592)	(570,772)
Cash flow from financing activities			
Repayment of term finance certificates		(49,970)	(49,970)
Receipt of long term finances		705,864	10,101
Repayment of long term finances		(203,633)	(79,355)
Repayment of finance lease liabilities		(59,659)	(46,332)
Net cash generated from/(used in) financing activities		392,602	(165,556)
Net increase/(decrease) in cash and cash equivalents		35,225	(1,069,667)
Cash and cash equivalents at the beginning of the quarter		37,526	1,183,309
Cash and cash equivalents at the end of the quarter		72,751	113,642
Cash and cash equivalents comprised of the following:			
Cash and bank balances		676,147	401,863
Running finances under markup arrangements - secured		(603,396)	(288,221)
		72,751	113,642

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore

Chief Executive

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Director

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	Attributable to equity holders of the Company		Minority Interest	Total
	Capital reserves			
	Revenue	Sub Total		
Share capital	6,539,658	1,391,836	-	11,220,908
Share premium	-	-	-	-
Currency translation reserve	(845)	(845)	-	-
Convertible loan reserve	-	1,400,430	-	10,005
Un-appropriated profit	-	-	-	-
Exchange translation difference	-	-	-	-
Net profit for the quarter	-	-	-	-
Balance as at 30 June 2006	6,539,658	1,391,836	10,005	11,220,908
Exchange translation difference	-	-	-	-
Net profit for the quarter	-	-	-	-
Balance as at 30 September 2006	6,539,658	1,391,836	9,492	11,373,811
Reimbursement of transaction cost related to equity component of convertible loan	-	-	-	-
Bonus shares issued	980,949	(980,949)	-	-
Exchange translation difference	-	-	-	-
Net profit for the period	-	-	-	-
Total recognized income and expenses	-	-	-	-
Balance as at 30 June 2007	7,520,607	410,887	6,292	11,948,962
Exchange translation difference	-	-	-	-
Adjustment for change in share of associate	-	-	-	-
Net profit for the quarter	-	-	-	-
Total recognized income and expenses	-	-	-	-
Balance as at 30 September 2007	7,520,607	410,887	5,335	11,998,268

The annexed notes from 1 to 12 form an integral part of these financial statements.

Lahore

Chief Executive

Director

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**NOTES TO THE CONDENSED GROUP'S FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

1 Legal status and nature of business

1.1 The Group consists of:

WorldCall Telecome Limited; and

WorldCall Telecommunications Lanka (Private) Limited

1.2 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.

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

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

2 Accounting convention and basis of preparation

These condensed Group's 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 Group for the year ended 30 June 2007. Further, these accounts 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 Company and its subsidiary. The financial statements of the subsidiary has been consolidated on a line by line basis.

Subsidiary

Subsidiary is an entity controlled by the Company. 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 losses 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 Company. Minority interest is presented separately in the consolidated financial statements.

4. Significant accounting judgements and estimates

The preparation of condensed Group's interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 2007.

5 Accounting policies

Accounting polices adopted for preparation of these condensed interim Group's financial statements are the same as those applied in the preparation of the annual financial statements for the Company for the year ended 30 June 2007.

6. Property, Plant and Equipment

Note	30 September 2007	30 June 2007
(Rupees in '000')		
	7,677,460	6,012,276
	(439)	(2,841)
	-	304,297
6.1	765,194	2,118,858
	8,442,215	8,432,590
6.2	(43)	(25,398)
	(223,119)	(729,864)
	5	132
Closing book value	8,219,058	7,677,460

Worldcall Telecom Limited Group

	30 September 2007	30 June 2007
(Rupees in '000')		
6.1 Break-up of additions		
Freehold land	-	19,800
Leasehold improvements	667	13,639
Plant and equipment	753,883	1,958,820
Office equipment	4,439	6,479
Computers	4,398	24,356
Furniture and fixtures	270	2,089
Vehicles	1,483	87,655
Lab and other equipment	54	6,020
	<u>765,194</u>	<u>2,118,858</u>
6.2 Break-up of disposals		
Plant and equipment	-	(3,547)
Office equipment	-	(171)
Computers	(43)	(40)
Vehicles	-	(21,520)
Furniture and fixtures	-	(120)
	<u>(43)</u>	<u>(25,398)</u>

7 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 2007 except for the following:

- 7.1** PTCL has charged the Company excess Domestic Private Lease Circuits (DPLC) and International Private Lease Circuits (IPLC) charges amounting to Rs. 37.23 million (2007: Rs. 20.2 million) on account of difference in rates. Further the Company has also deposited Rs. 40 million (2007 : Rs. 40 million) in Escrow account on account of dispute of charging of 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 link and excess charging in respect of Karachi-Rawalpindi link which was never activated.
- 7.2** Last year, the sales tax authorities served show cause notices to various payphone companies, including the Company on account of alleged wrong claim of refund of Rs. 167 million under section 66 of the Sales Tax Act 1990. Subsequent to the balance sheet date at June 30, 2007, Additional Collector (Adjudication) Sales Tax Lahore has given a decision against the Company and imposed a penalty on the Company and Chief Executive, equivalent to the amount of original alleged claim. During the period, the Company has filed appeal before Collector Sales Tax (Appeals) and Complaint has been filed in Federal Tax Ombudsman against the imposition of penalty. In addition to the above the Chief Executive has filed separate writ petition in Honorable Lahore High Court against the imposition of penalty on him. The management believes based upon the factual and legal grounds that matter will be decided in favour of the Company at a higher judicial forum.

Worldcall Telecom Limited Group

	30 September 2007	30 June 2007
(Rupees in '000')		
Commitments		
7.3 Outstanding guarantees	<u>183,030</u>	<u>197,006</u>
7.4 Commitments in respect of capital expenditure	<u>95,718</u>	<u>179,261</u>
7.5 Outstanding letters of credit	<u>60,288</u>	<u>31,084</u>
	30 September 2007	30 September 2006
	(Rupees in '000')	

8 Cash generated from operations

Profit before taxation	162,328	185,566
Adjustment for non-cash charges and other items:		
Depreciation	223,119	163,402
Amortization	48,325	33,119
Loss on sale of investments	29,420	-
Loss/(profit) on disposal of property, plant and equipment	-	(5)
Loss/(Gain) on re-measurement of investments at fair value	16,800	(46,658)
Gain on re-measurement of long term liabilities at present value	-	(79,817)
Exchange gain	-	(40)
Share of (Profit) / loss from associated company	(1,281)	5,556
Retirement benefits	12,484	8,768
Finance cost	80,414	64,993
Profit before working capital changes	<u>571,609</u>	<u>334,884</u>

Effect on cash flow due to working capital changes:

(Increase)/Decrease in the current assets

Stores and spares	33,943	3,065
Stock in trade	4,127	(5,268)
Trade debts	(91,333)	(97,238)
Loans and advances	(19,680)	(284,031)
Deposits and short term prepayments	7,246	(3,137)
Other receivables	(145,040)	(82,932)
Increase/(Decrease) in current liabilities		
Trade and other payables	(26,679)	(127,914)
	<u>(237,416)</u>	<u>(597,455)</u>
	<u>334,193</u>	<u>(262,571)</u>

9 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:

	30 September 2007	30 September 2006
(Rupees in '000')		
Associated companies		
Purchase of goods and services	13,051	1,787
Interest on loan charged	1,024	2,040
Sale of goods and services	1,884	4,898

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

Worldcall Telecom Limited Group

10 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.

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.

All inter-segment sales are on arms length basis.

Segment analysis for the quarter ended 30 September 2007.

	Telecom	Broadband	Eliminations	Total
(Rupees in '000')				
Sales				
External sales	852,101	404,117		1,256,218
Inter-segment sales	2,245	5,979	(8,224)	-
Sales tax	(29,988)	(8,588)		(38,576)
Discount and commission	(26,129)	(2,919)		(29,048)
Total revenue	798,229	398,589	(8,224)	1,188,594
Profit before tax and unallocated expenses	(23,332)	185,660		162,328
Unallocated corporate expenses				
Taxation				(21,084)
Profit after taxation				141,244

	Telecom	Broadband	Total
(Rupees in '000')			
Segment assets and liabilities			
Segment assets	13,342,550	4,720,331	18,062,881
Consolidated total assets			18,062,881
Segment liabilities	4,111,116	1,076,737	5,187,853
Unallocated segment liabilities			687,287
Consolidated total liabilities			5,875,140
Segment capital expenditure	743,063	18,012	761,075
Non-cash expenses other than depreciation and amortization	56,717	4,262	60,979
Depreciation and amortization	187,442	67,712	255,154

Worldcall Telecom Limited Group

	Telecom	Broadband	Eliminations	Total
(Rupees in '000')				
Segment analysis for the quarter ended 30 September 2006				
Sales				
External sales	972,052	245,590		1,217,642
Inter-segment sales	2,249	8,517	(10,766)	-
Sales tax	(58,773)	(8,226)		(66,999)
Discount and commission	(47,475)	(2,084)		(49,559)
Total revenue	868,053	243,797	(10,766)	1,101,084
Profit before tax and unallocated expenses	113,224	72,342		185,566
Unallocated corporate expenses				
Taxation				(32,703)
Profit after taxation				152,863

	Telecom	Broadband	Total
(Rupees in '000')			
Segment assets and liabilities as at June 30, 2007			
Segment assets	12,949,886	4,444,507	17,394,393
Consolidated total assets			17,394,393
Segment liabilities	3,691,198	989,815	4,681,013
Unallocated segment liabilities			666,625
Consolidated total liabilities			5,347,638
Segment capital expenditure	1,674,840	449,157	2,123,997
Non-cash expenses other than depreciation and amortization	175,253	40,044	215,297
Depreciation and amortization	659,815	197,440	857,255

11 Date of authorization for issue

These condensed financial statements were authorized for issue on October 30, 2007 by the Board of Directors of the Company.

12 General

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