



An Omantel Company

WorldCall

**CONDENSED INTERIM  
UNCONSOLIDATED  
HALF YEARLY  
FINANCIAL INFORMATION  
(UN-AUDITED)**

**30 JUNE 2013**



An Omantel Company

WorldCall



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## 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.



An Omantel Company



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## COMPANY INFORMATION

<b>Chairman</b>	Mehdi Mohammed Al Abduwani
<b>Chief Executive Officer</b>	Babar Ali Syed
<b>Board of Directors (In Alphanumeric order)</b>	Aimen bin Ahmed Al Hosni Asadullah Khawaja Mehdi Mohammed Al Abduwani Samy Ahmed Abdulqadir Al Ghassany Sohail Qadir Shehryar Ali Taseer Talal Said Marhoon Al-Mamari (Vice Chairman)
<b>Chief Financial Officer</b>	Mohammad Noaman Adil
<b>Executive Committee</b>	Mehdi Mohammed Al Abduwani (Chairman) Aimen bin Ahmed Al Hosni (Member) Babar Ali Syed (Member) Sohail Qadir (Member) Rizwan Abdul Hayi (Secretary)
<b>Audit Committee</b>	Talal Said Marhoon Al-Mamari (Chairman) Asadullah Khawaja (Member) Aimen bin Ahmed Al Hosni (Member) Rizwan Abdul Hayi (Secretary)
<b>HR Committee</b>	Aimen bin Ahmed Al Hosni (Chairman) Sohail Qadir (Member) Talal Said Marhoon Al-Mamari (Member) Saud Al-Mazroui (Secretary)
<b>Chief Internal Auditor</b>	Mirghani Hamza Al-Madani
<b>Company Secretary</b>	Rizwan Abdul Hayi
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Legal Advisers</b>	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant



### Bankers (In Alphanumeric Order)

Allied Bank Limited  
Albaraka Bank (Pakistan) Limited  
(formerly Emirates Global Islamic Bank Limited)  
Askari Bank Limited  
Barclays Bank Plc Pakistan  
Burj Bank Limited  
(formerly Dawood Islamic Bank Limited)  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
HSBC Bank Oman S.A.O.G.  
(formerly Oman International Bank S.A.O.G.)  
IGI Investment Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Pak Oman Investment Co. Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
(formerly Arif Habib Bank Limited)  
Tameer Microfinance Bank 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. Zia-ud-Din Ahmed Road, Karachi.  
Tel: (021) 111-000-322

### Registered Office/Head Office

67-A, C/III, Gulberg-III,  
Lahore, Pakistan  
Tel: (042) 3587 2633-38  
Fax: (042) 3575 5231

### Webpage

[www.worldcall.com.pk](http://www.worldcall.com.pk)



## DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present the brief overview of the financial information for the half year ended 30 June 2013

### Financial Overview

The activity volume for the period under review when contrasted with same period last year appears to be quite low because of existence of certain high value projects that were accomplished in the previous period. Due to this, revenues for the period and resultant gross profit have registered a decline. Operating costs registered a saving of 17% due to various cost cutting initiatives. After taking effects of finance cost, other income and tax, the Company has closed the period at a net loss of Rs 616 million.

### Future Outlook

After consistent efforts of the management and the co-operation of Omantel the second phase of funding of USD 35 million has been successfully concluded following the period end. Roll out plans are in the pipe line to use these funds to enhance the market standing and service portfolio of the Company. It is expected that in times to come, these network improvements shall lead to the desired turnaround and shall be providing the competitive edge to the Company.

The whole ICT industry is looking forward to positive changes in business climate following the change in government. It is apparent that it would take some time before the overall economic situation can show signs of improvement. The ICT sector directly draws its strength from the economic freedom prevalent in the masses and the growth momentum of the business and corporate sector. It is hoped that new foreign investment and the improvement in the domestic markets would also lead to favorable impact on the market players in the telecommunication segment.

### Company's staff and customers

We hereby put on record our sincerest appreciation and regard for our all staff members for their untiring effort, dedication and team spirit. We also express our gratitude for our customers for their loyalty and trust.

For and on behalf of the Board of Directors

**Babar Ali Syed**  
Chief Executive Officer

Lahore  
26 July 2013





## Auditor's Report to the members on Review of Condensed Interim Unconsolidated Financial Information

### Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Worldcall Telecom Limited** ("the Company") as at 30 June 2013 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other Matter

The figures for the quarters ended 30 June 2013 and 30 June 2012 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore  
26 July 2013

*KPMG Taseer Hadi & Co.*  
**KPMG TASEER HADI & CO.**  
**CHARTERED ACCOUNTANTS**  
**(FARID UDDIN AHMED)**



## CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (Un-Audited) AS AT 30 JUNE 2013

	30 June 2013	Restated 31 December 2012	Restated 31 December 2011
	(Rupees in '000)		
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	5 12,629,469	13,002,060	13,527,048
Capital work-in-progress	766,106	782,635	650,986
	<b>13,395,575</b>	<b>13,784,695</b>	<b>14,178,034</b>
<b>Intangible assets</b>	6 4,881,517	4,987,160	5,183,628
Investment properties	160,474	160,474	146,074
Long term investment - classified as held for sale	7 -	-	-
Long term trade receivables	8 188,414	242,883	18,092
Deferred taxation	1,703,563	1,295,068	288,499
Long term loans and deposits	88,312	122,074	132,323
	<b>20,417,855</b>	<b>20,592,354</b>	<b>19,946,650</b>
<b>CURRENT ASSETS</b>			
Stores and spares	198,387	225,091	235,415
Stock in trade	230,339	208,140	201,901
Trade debts	2,288,867	2,624,883	3,252,683
Loans and advances - considered good	1,560,012	1,441,416	1,058,229
Deposits and prepayments	214,458	190,848	142,945
Other receivables	103,531	64,513	86,212
Short term investments	100,953	104,982	114,489
Income tax recoverable - net	163,256	154,656	163,943
Cash and bank balances	79,917	100,742	327,028
	<b>4,939,720</b>	<b>5,115,271</b>	<b>5,582,845</b>
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities	1,243,155	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	787,760	789,331	979,373
Short term borrowings	1,027,427	1,014,767	118,503
License fee payable	1,021,500	1,021,500	1,021,500
Trade and other payables	6,122,445	5,947,891	4,589,727
Interest and mark-up accrued	277,343	245,190	140,183
	<b>10,479,630</b>	<b>10,465,704</b>	<b>8,944,402</b>
	<b>(5,539,910)</b>	<b>(5,350,433)</b>	<b>(3,361,557)</b>
<b>NET CURRENT LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Term finance certificates - secured	10 1,643,735	1,640,083	1,081,213
Long term loan	11 3,280,847	2,815,456	3,060,004
Deferred income	-	65,916	166,300
Retirement benefits	352,759	362,907	310,007
Liabilities against assets subject to finance lease	3,722	44,904	89,471
Long term payables	12 1,192,351	1,288,444	1,494,620
Long term deposits	42,432	42,458	42,661
	<b>6,515,846</b>	<b>6,260,168</b>	<b>6,244,276</b>
Contingencies and commitments	13 8,362,099	8,981,753	10,340,817
<b>REPRESENTED BY</b>			
<b>Share capital and reserves</b>			
Authorized capital			
1,500,000,000 (31 December 2012: 900,000,000)	15,000,000	9,000,000	9,000,000
ordinary shares of Rs. 10 each			
500,000 (31 December 2012: nil) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)	6,000,000	-	-
Issued, subscribed and paid up capital	8,605,716	8,605,716	8,605,716
Share premium	837,335	837,335	837,335
Fair value reserve - available for sale financial assets	9,806	13,835	(242,023)
Accumulated (loss)/profit	(1,441,330)	(823,263)	796,544
	<b>8,011,527</b>	<b>8,633,623</b>	<b>9,997,572</b>
Surplus on revaluation	350,572	348,130	343,245
	<b>8,362,099</b>	<b>8,981,753</b>	<b>10,340,817</b>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Lahore

*Balawandip*  
**Chief Executive Officer**

*Gulim Z*  
**Director**



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**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Half year ended 30 June 2013	Half year ended 30 June 2012	Quarter ended 30 June 2013	Quarter ended 30 June 2012
----- (Rupees in '000) -----				
Revenue - net	1,814,978	4,811,253	844,934	2,751,181
Direct cost	(1,812,613)	(4,442,159)	(898,792)	(2,356,292)
<b>Gross profit/(loss)</b>	<b>2,365</b>	<b>369,094</b>	<b>(53,858)</b>	<b>394,889</b>
Operating cost	(597,564)	(722,591)	(316,945)	(367,710)
<b>Operating (loss)/profit</b>	<b>(595,199)</b>	<b>(353,497)</b>	<b>(370,803)</b>	<b>27,179</b>
Finance cost	(325,815)	(313,983)	(161,683)	(142,900)
	(921,014)	(667,480)	(532,486)	(115,721)
Impairment loss on available for sale financial assets	-	(28,334)	-	(28,334)
Other operating income	13,906	147,145	5,760	140,669
Other operating expenses	(107,937)	(206,582)	(29,445)	(174,432)
<b>Loss before taxation</b>	<b>(1,015,045)</b>	<b>(755,251)</b>	<b>(556,171)</b>	<b>(177,818)</b>
Taxation	399,420	329,016	197,091	151,273
<b>Loss after taxation</b>	<b>(615,625)</b>	<b>(426,235)</b>	<b>(359,080)</b>	<b>(26,545)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.72)</b>	<b>(0.50)</b>	<b>(0.42)</b>	<b>(0.03)</b>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Lahore

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*Balawandip*  
Chief Executive Officer

*GRIMD*  
Director

HALF YEARLY REPORT 2013



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**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Half year ended 30 June 2013	Half year ended 30 June 2012	Quarter ended 30 June 2013	Quarter ended 30 June 2012
----- (Rupees in '000) -----				
Loss for the period	(615,625)	(426,235)	(359,080)	(26,545)
<b>Other comprehensive (loss)/income - net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Net change in fair value of available for sale financial assets	(4,029)	(32,605)	(4,029)	(45,316)
Impairment loss transferred to profit and loss account	-	28,334	-	28,334
	(4,029)	(4,271)	(4,029)	(16,982)
<b>Total comprehensive loss for the period</b>	<b>(619,654)</b>	<b>(430,506)</b>	<b>(363,109)</b>	<b>(43,527)</b>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Lahore

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*Balawandip*  
Chief Executive Officer

*GRIMD*  
Director

HALF YEARLY REPORT 2013



**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Half year ended Note	30 June 2013	Half year ended 30 June 2012
------(Rupees in '000)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	498,805	2,058,367
Decrease in long term deposits receivable		33,762	1,794
Increase in long term trade receivable		-	(803,635)
Decrease in long term deposits payable		(26)	(144)
Decrease in deferred income		(65,916)	(100,384)
Increase/(decrease) in long term payables		68,518	(417,520)
Retirement benefits paid		(51,728)	(5,954)
Finance cost paid		(267,741)	(160,663)
Taxes paid		(17,675)	(10,795)
<b>Net cash generated from operating activities</b>		<b>197,999</b>	<b>561,066</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(208,669)	(453,157)
Proceeds from sale of property, plant and equipment		6,993	18,908
<b>Net cash used in investing activities</b>		<b>(201,676)</b>	<b>(434,249)</b>
<b>Cash flows from financing activities</b>			
Running finance - net		(1,571)	(187,463)
Receipt from short term borrowings - net		12,660	17,471
Repayment of liabilities against assets subject to finance lease		(28,237)	(26,795)
<b>Net cash used in financing activities</b>		<b>(17,148)</b>	<b>(196,787)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(20,825)</b>	<b>(69,970)</b>
<b>Cash and bank balances at the beginning of the period</b>		<b>100,742</b>	<b>327,028</b>
<b>Cash and bank balances at the end of the period</b>		<b>79,917</b>	<b>257,058</b>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.



**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Share capital	Share premium	Fair value reserve- available for sale financial assets	Accumulated profit/(loss)	Revaluation reserve	Total
------(Rupees in '000)-----						
<b>Balance as at 31 December 2011</b>	8,605,716	837,335	(242,023)	806,476	343,245	10,350,749
Effect of change in accounting policy	-	-	-	(9,932)	-	(9,932)
<b>Balance as at 31 December 2011 - restated</b>	8,605,716	837,335	(242,023)	796,544	343,245	10,340,817
Total comprehensive loss for the period	-	-	(4,271)	(426,235)	-	(430,506)
Transfer to surplus on revaluation	-	-	-	(3,393)	3,393	-
<b>Balance as at 30 June 2012 - restated</b>	8,605,716	837,335	(246,294)	366,916	346,638	9,910,311
Total comprehensive income/(loss) for the period - restated	-	-	260,129	(1,188,687)	-	(928,558)
Transfer to surplus on revaluation	-	-	-	(1,492)	1,492	-
<b>Balance as at 31 December 2012 - restated</b>	8,605,716	837,335	13,835	(823,263)	348,130	8,981,753
Total comprehensive loss for the period	-	-	(4,029)	(615,625)	-	(619,654)
Transfer to surplus on revaluation	-	-	-	(2,442)	2,442	-
<b>Balance as at 30 June 2013</b>	<b>8,605,716</b>	<b>837,335</b>	<b>9,806</b>	<b>(1,441,330)</b>	<b>350,572</b>	<b>8,362,099</b>

The annexed notes 1 to 18 form an integral part of this condensed interim unconsolidated financial information.





## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

### 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 67A-C-III, Gulberg III, Lahore. In the year ended 30 June 2008, 56.80% shares (488,839,429 ordinary shares) had been acquired by Oman Telecommunications Company SAOG ("the Parent company").

### 2 Basis of preparation

#### 2.1 Statement of Compliance

This condensed interim unconsolidated financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements of the Companies Ordinance, 1984 differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directive issued by Securities and Exchange Commission of Pakistan ("SECP") have been followed. This condensed interim unconsolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2012.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of Companies Ordinance, 1984.

#### 2.2 Accounting convention and basis of preparation

This condensed interim unconsolidated financial information has been prepared under the historical cost convention, except for revaluation of investment properties, plant and equipment, intangible assets and certain financial assets at fair value, and recognition of certain employee benefits and financial liabilities at present value.

### 3 Accounting policies

Accounting policies adopted for preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the audited financial statements of the Company for the year ended 31 December 2012 and stated therein, except for the following:

The following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2013, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the condensed interim unconsolidated financial information of the Company.



- IAS 32 (amendment) - Offsetting Financial Assets and Financial Liabilities
- IFRIC 21 (amendment) - Levies 'an Interpretation on the accounting for levies imposed by governments'
- IAS 39 (amendment) - Novation of Derivatives and Continuation of Hedge Accounting
- IAS 36 (amendment) - Recoverable Amount Disclosures for Non-Financial Assets

### 3.1 Retirement benefits

During the period, the Company adopted IAS 19 Employee Benefits and changed its basis for recognition of actuarial gains and losses on its defined benefit plan.

As a result of the change, all the changes in present value of defined benefit obligation are now recognised in the Condensed Interim Unconsolidated Statement of Comprehensive Income and the past service costs are recognised in Condensed Interim Unconsolidated Profit and Loss Account, immediately in the period they occur.

Previously, the Company recognised actuarial gains/losses over the expected average remaining working lives of the current employees, to the extent that unrecognised actuarial gains / losses exceeds 10 percent of present value of defined benefit obligation.

The change in accounting policy has been applied retrospectively and resulted in following changes in the financial statements:

	31 December 2012	31 December 2011
	----- (Rupees in '000) -----	
<b>Condensed interim unconsolidated Balance Sheet</b>		
(Decrease)/increase in retirement benefits obligation	(24,788)	9,932
Decrease in accumulated loss	24,788	-
Decrease in accumulated profit	-	(9,932)
<b>Year ended</b>		
	31 December 2012	31 December 2011
	----- (Rupees in '000) -----	
<b>Condensed interim unconsolidated Statement of Comprehensive Income</b>		
Actuarial gain/(loss) on employee retirement benefits	34,720	(9,932)

### 4 Significant accounting judgments and estimates

The preparation of condensed interim unconsolidated financial information is in conformity with approved accounting standards and requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, 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. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2012.



		30 June 2013	31 December 2012
	Note	----- (Rupees in '000) -----	
<b>5. Property, plant and equipment</b>			
<b><u>Owned and leased assets:</u></b>			
Opening net book value		13,002,060	13,527,048
Additions during the period/year	5.1	249,557	678,907
		<u>13,251,617</u>	<u>14,205,955</u>
Disposals for the period/year - NBV	5.2	(3,487)	(16,771)
Adjustment during the period/year - NBV		(304)	-
Depreciation for the period/year		(618,357)	(1,187,124)
Closing net book value	5.3	<u>12,629,469</u>	<u>13,002,060</u>
<b>5.1 Break-up of additions</b>			
Leasehold improvements		302	3,463
Plant and equipment		244,703	634,202
Office equipment		93	962
Computers		1,013	36,229
Furniture and fixtures		-	300
Vehicles		3,446	3,751
		<u>249,557</u>	<u>678,907</u>
<b>5.2 Break-up of disposals (at NBV)</b>			
Leasehold improvement		(11)	(24)
Office equipment		(632)	(40)
Computers		(45)	(16,001)
Furniture and fixtures		(256)	-
Vehicles		(2,543)	(706)
		<u>(3,487)</u>	<u>(16,771)</u>
<b>5.3 Property, plant and equipment includes equipment deployed in implementing the Universal Service Fund network which is subject to lien exercisable by Universal Service Fund Company ("USFC") in the event of failure by the Company to maintain service availability and quality specification.</b>			
	Note	30 June 2013	31 December 2012
		----- (Rupees in '000) -----	
<b>6 Intangible assets</b>			
Licenses		1,656,527	1,735,324
Indefeasible right of use - Media cost	6.1	658,434	684,568
Software		13,062	13,774
Goodwill	6.2	2,553,494	2,553,494
		<u>4,881,517</u>	<u>4,987,160</u>
<b>6.1</b> During the year 2011, the Company acquired an indefeasible right of use in respect of capacity procured from Multinet Pakistan (Private) Limited for the period of 15 years.			
<b>6.2</b> Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of merger of Worldcall Telecom Limited with Worldcall Communications Limited, Worldcall Multimedia Limited and Worldcall Broadband Limited.			



The Company assessed the recoverable amount of Goodwill at 30 June 2013 and determined that, as of this date, there is no indication of impairment of Goodwill. The recoverable amount was calculated on the basis of five year financial business plan approved by the Board which assumes cash inflows of USD 35 million during the financial year ending 31 December 2013 as foreign currency denominated convertible preference shares with mandatory conversion into equity.

The business plan also includes a comprehensive analysis of the existing operational deployments of the Company along with strategic direction of future investments and business growth. Discount rate of 16% was used for the calculation of net present value of future cash flows. The cash flows beyond the five years period have been extrapolated using a steady 5% growth rate which is consistent with the long-term average growth rate for the industry, whereas for impairment calculation no growth is considered in cash flows beyond five years as per International Accounting Standard 36 - Impairment of Assets.

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>7 Long term investment - classified as held for sale</b>		
<b>Foreign subsidiary - Unquoted</b>		
<b>Worldcall Telecommunications Lanka (Private) Limited (Incorporated in Sri Lanka)</b>		
7,221,740 (31 December 2012: 7,221,740) ordinary shares of Sri Lankan Rupees 10 each.		
Equity held 70.65% (31 December 2012: 70.65%)	44,406	44,406
Share deposit money	13,671	13,671
	<u>58,077</u>	<u>58,077</u>
Less: Provision for impairment	(58,077)	(58,077)
	<u>-</u>	<u>-</u>

The Company's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited was suffering losses as the demand for payphones in Sri Lanka has greatly diminished. Keeping in view the Sri Lankan market conditions and negative equity of the subsidiary, the management decided and approved the winding up of the subsidiary. Long term investment in subsidiary was classified as discontinued operations.

#### 8 Long term trade receivables

This represents receivable from the sale of Optical Fiber Cable stated at amortized cost by using the discount rate of 16%. This amount is receivable from Pakistan Mobile Communications (Private) Limited over a period of five years and from Getronics Pakistan (Private) Limited over a period of 20 years.

	Note	30 June 2013	31 December 2012
		----- (Rupees in '000) -----	
<b>9 Short term borrowings</b>			
Habib Bank Limited - I	9.1	734,000	708,000
Habib Bank Limited - II	9.2	220,000	194,459
KASB Bank Limited		-	49,500
Soneri Bank Limited - I	9.3	36,896	42,196
Soneri Bank Limited - II	9.4	36,531	4,879
Standard Chartered Bank (Pakistan) Limited		-	15,733
		<u>1,027,427</u>	<u>1,014,767</u>



- 9.1 This represents a bridge loan facility of Rs. 734 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company. The said facility is repayable up to 31 July 2013 or receipts against Preference shares, whichever is earlier, having mark-up of 3 month KIBOR plus 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million.
- 9.2 This represents a working capital finance facility of Rs. 220 million from Habib Bank Limited ("HBL"). The said facility is repayable up to 31 July 2013 or receipts against Preference shares, whichever is earlier, having mark-up of one month KIBOR plus 0.75% per annum. To secure the facility, an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favouring Habib Bank Limited. This arrangement shall remain effective until all obligations under the facility are settled.
- 9.3 This facility is repayable up to 23 May 2014 having mark up of one month KIBOR plus 3% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.
- 9.4 This facility is repayable up to 23 May 2014 having mark up of one month KIBOR plus 3% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

**10 Term finance certificates - secured**

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
Term finance certificates	1,643,735	1,643,735
Less: Initial transaction cost	(53,994)	(53,994)
	<u>1,589,741</u>	<u>1,589,741</u>
Amortization of transaction cost	53,994	50,342
	<u>1,643,735</u>	<u>1,640,083</u>
Less: Current maturity	-	-
	<u>1,643,735</u>	<u>1,640,083</u>

Term finance certificates have a face value of Rs. 5,000 per certificate.

**Term finance certificates**

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. These TFCs were redeemable in seven equal semi annual instalments commencing from October 2010. Profit rate is charged at six months average KIBOR plus 1.60% per annum. These are secured by way of first pari passu charge on the present and future fixed assets of the Company amounting to Rs. 5,333.33 million and assignment of licenses.

These TFCs have been rescheduled by majority of TFC holders. The principal will be repayable in three semi annual instalments commencing from 07 October 2014.

**11 Long term loan**

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
Receipt	2,943,855	2,943,855
Less: Initial transaction cost	(42,668)	(42,668)
	<u>2,901,187</u>	<u>2,901,187</u>
Add: Amortization of transaction cost	13,715	10,667
	<u>2,914,902</u>	<u>2,911,854</u>
Add: Exchange loss	464,745	406,095
	<u>3,379,647</u>	<u>3,317,949</u>
Less: Current maturity	(98,800)	(502,493)
	<u>3,280,847</u>	<u>2,815,456</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. Initially, this loan was repayable in 20 equal quarterly instalments with 2 years grace period commencing from 06 June 2013. Profit is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.20% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favoring Askari Bank Limited against the corporate guarantee of Oman Telecommunication Company SAOG. This arrangement shall remain effective until all obligations under the facility are settled.

During the period, this loan has been rescheduled by Askari Bank Limited. Keeping other terms and conditions same, the principal is repayable in 16 quarterly instalments commencing from 06 June 2014. The aggregate grace period is now 3 years from the original date of the loan facility.

**12 Long term payables**

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
Payable to Pakistan Telecommunication Authority	680,546	768,589
Payable to Multinet Pakistan (Private) Limited	54,566	115,835
Suppliers	457,239	404,020
	<u>1,192,351</u>	<u>1,288,444</u>

**13 Contingencies and commitments****Contingencies****13.1 Billing disputes with PTCL**

13.1.1 There is a dispute of Rs.72.64 million (31 December 2012: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 42.42 million (31 December 2012: Rs 41.40 million) for excess minutes billed on account of interconnect and settlement charges. The company is hopeful that matter will be decided in favour of the company.

13.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits (DPLC) and other media charges amounting to Rs. 195.51 million (31 December 2012: Rs.183.99 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2012: Rs. 40 million) in Escrow Account on account of dispute of charging of bandwidth charges from the date of activation of Digital Interface Units (DIUs) 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. The company is hopeful that matter will be decided in favour of the Company.

### 13.2 Disputes with Pakistan Telecommunication Authority (PTA)

**13.2.1** There is a dispute with PTA on roll out of Company's 479 MHz and 3.5 GHz frequency bands licenses for allegedly not completing roll out within prescribed time. The dispute is pending adjudication at PTA. The Company is hopeful that the issue will be favorably resolved at the level of PTA.

**13.2.2** There is a dispute with PTA on payment of Research & Development Fund contribution amounting to Rs. 5.65 million (31 December 2012: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable decision.

**13.2.3** There is a dispute with PTA on payment of contribution of APC for USF amounting to Rs. 491 million (31 December 2012: Rs. 491 million) in relation to the period prior to the valid formation of USF fund by the Federal Government. Out of this amount, Rs. 394 million has been deposited with PTA. The matter is pending adjudication before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

### 13.3 Taxation issues

**13.3.1** Income Tax Return for the tax year ended 30 June 2006 was filed under the self assessment scheme. Subsequently the case was reopened by invoking the provisions of section 122 (5A). Additions were made on account of brought forward losses, gratuity and goodwill of Rs. 773 million. The appeal of the Company is pending in Income Tax Appellate Tribunal Lahore. The company is hopeful that the matter will be decided in favour of the Company.

**13.3.2** Income Tax Returns for the tax year ended 30 June 2003 were filed under the self assessment scheme of Worldcall Communications Limited, Worldcall Multimedia Limited, Worldcall Broadband Limited and Worldcall Phonecards Limited, now merged into the Company. The Company has received orders under section 122(5A) against the said returns filed under self assessment on 02 January 2009. As per Orders, the Income Tax Department intends to amend the returns on certain issues such as depreciation, turnover tax adjustment, gratuity provision, share premium, allocation of expenses to capital gain, mark up from associates and share deposit money amounting to Rs. 29.9 million. An appeal has been filed by the Company against the orders before the Commissioner of Income Tax (Appeals). Commissioner of Income Tax (Appeals) has restored the original assessment order U/S 177 dated 17 May 2005 for Worldcall Broadband Limited. Remaining appeals were also decided and a partial relief was given by CIT (Appeals), while being aggrieved, the Company has filed appeals in Income Tax Appellate Tribunal Lahore. Based on legal advice, the company is hopeful that matter will be decided in favour of the Company.

**13.3.3** There is a dispute with sales tax authorities for payment of Rs.167 million claimed and obtained as sales tax refund in the year 2006 by the Company. The matter is presently being adjudicated by the Honorable Lahore High Court Lahore. An injunction currently holds field which precludes recovery from the Company. The Company has paid 20% of principal amount to date to the department against the said dispute. Moreover, this is an industrial issue and in case companies of other jurisdiction the Inland Revenue Tribunal has dismissed the case of sales tax authorities. It is therefore, the Company is hopeful of a favorable decision.



### 13.4 Others

**13.4.1** Samsung claimed an amount of Rs.138.32 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, the Company is hopeful that matter will be resolved in its favour.

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>Commitments</b>		
<b>13.5</b> Outstanding guarantees	<u>1,182,550</u>	<u>1,213,373</u>
<b>13.6</b> Commitments in respect of capital expenditure	<u>2,010,086</u>	<u>2,070,847</u>
<b>13.7</b> Outstanding letters of credit	<u>-</u>	<u>38,840</u>
	<b>Half year ended 30 June 2013</b>	<b>Half year ended 30 June 2012</b>
	----- (Rupees in '000) -----	

### 14 Cash generated from operations

Loss before taxation (1,015,045) (755,251)

#### Adjustment for non-cash charges and other items:

Depreciation	618,357	594,174
Amortization of intangible assets	96,689	96,310
Amortization of transaction cost	6,700	8,527
Discounting charges	19,220	30,349
Amortization of receivables	(3,880)	554,608
Provision for doubtful receivables	107,667	79,100
Provision for stores and spares	11,000	3,000
Impairment loss on available for sale financial assets	-	28,334
Exchange loss on foreign currency loan	58,650	151,800
Gain on sale of property, plant and equipment	(3,506)	(2,162)
Retirement benefits	29,525	52,025
Finance cost	299,895	275,107
<b>Profit before working capital changes</b>	<u>225,272</u>	<u>1,115,921</u>

#### Effect on cash flow due to working capital changes:

(Increase)/decrease in the current assets

Stores and spares	15,704	(3,341)
Stock in trade	(22,199)	15,806
Trade debts	286,698	(547,441)
Loans and advances	(118,596)	(31,959)
Deposits and prepayments	(23,610)	(72,732)
Other receivables	(39,018)	26,752

Increase in current liabilities

Trade and other payables	174,554	1,555,361
	<u>273,533</u>	<u>942,446</u>
	<u>498,805</u>	<u>2,058,367</u>

**15 Related party transactions**

The related parties comprise of shareholders, foreign subsidiary, local associated companies, related group companies, directors of the Company, companies where directors also hold directorship and key management personnel. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Half year ended	Half year ended
		30 June 2013	30 June 2012
----- (Rupees in '000) -----			
Parent Company	Purchase of goods and services	16	392,146
	Sale of goods and services	6	33,843
Other related parties	Purchase of goods and services	5,042	4,584
	Sale of goods and services	510	1,330
Key management personnel	Salaries and other employee benefits	155,580	170,637

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

Period end balances	30 June	31 December
	2013	2012
----- (Rupees in '000) -----		
Receivable from related parties	228,813	228,813
Payable to related parties	2,176,138	2,104,212

These are in normal course of business and are interest free.

**16 Financial instruments****Offsetting of financial assets and financial liabilities**

The Company adopted Disclosures-Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7). The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Company's balance sheet; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the balance sheet.

At the date of balance sheet, the Company has no enforceable master netting arrangements or other similar arrangements.

**16.1 Financial assets subject to offsetting**

As at 30 June 2013						
Note	Gross amounts of recognised financial assets	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial assets</b>						
	-	-	-	-	-	188,414
8	-	-	-	-	-	88,312
	4,011,891	(1,723,024)	2,288,867	-	2,288,867	-
	-	-	-	-	-	648,143
	-	-	-	-	-	82,069
	-	-	-	-	-	100,953
	-	-	-	-	-	79,917
	<b>4,011,891</b>	<b>(1,723,024)</b>	<b>2,288,867</b>	<b>-</b>	<b>2,288,867</b>	

**16.2 Financial liabilities subject to offsetting**

As at 30 June 2013						
	Gross amounts of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial liabilities</b>						
9	-	-	-	-	-	1,027,427
	-	-	-	-	-	787,760
	-	-	-	-	-	1,021,500
	7,780,292	(1,908,910)	5,871,382	-	5,871,382	-
	-	-	-	-	-	277,343
10	-	-	-	-	-	1,643,735
11	-	-	-	-	-	3,379,647
	-	-	-	-	-	79,814
12	-	-	-	-	-	1,192,351
	-	-	-	-	-	42,432
	<b>7,780,292</b>	<b>(1,908,910)</b>	<b>5,871,382</b>	<b>-</b>	<b>5,871,382</b>	



An OmanTel Company

As at 31 December 2012

		Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial assets</b>						
Long term trade receivables	8	-	-	-	-	242,883
Long term loans and deposits		-	-	-	-	122,074
Trade debts		4,504,836	(1,879,953)	2,624,883	-	-
Loans and advances - considered good		-	-	-	-	591,399
Other receivables - current		-	-	-	-	37,694
Short term investments		-	-	-	-	104,982
Cash and bank balances		-	-	-	-	100,742
		<b>4,504,836</b>	<b>(1,879,953)</b>	<b>2,624,883</b>	<b>-</b>	<b>2,624,883</b>

**Financial liabilities subject to offsetting**

As at 31 December 2012

	Note	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A-B	D	E=C-D	
<b>Financial liabilities</b>							
Short term borrowings	9	-	-	-	-	-	1,014,767
Running finances under mark-up arrangements - secured		-	-	-	-	-	789,331
Licence fee payable		-	-	-	-	-	1,021,500
Trade and other payables		6,361,439	(699,913)	5,661,526	-	5,661,526	-
Interest and mark-up accrued		-	-	-	-	-	245,190
Term finance certificates - secured	10	-	-	-	-	-	1,640,083
Long term loan	11	-	-	-	-	-	3,317,949
Liabilities against assets subject to finance lease		-	-	-	-	-	105,005
Long term payables	13	-	-	-	-	-	1,288,444
Long term deposits		-	-	-	-	-	42,458
		<b>6,361,439</b>	<b>(699,913)</b>	<b>5,661,526</b>	<b>-</b>	<b>5,661,526</b>	

**17 Date of authorization for issue**

This condensed interim unconsolidated financial information was authorized for issue on 26 July 2013 by the Board of Directors of the Company.

**18 General**

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

Lahore

*Balanda*  
Chief Executive Officer

*Grimy*  
Director



An OmanTel Company



An OmanTel Company

## WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

### CONDENSED INTERIM CONSOLIDATED HALF YEARLY FINANCIAL INFORMATION (UN-AUDITED)

30 JUNE 2013



An OmanTel Company

### DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Parent Company") are pleased to present condensed consolidated financial information of the Group for the six months ended 30 June 2013.

#### Group Foreign Subsidiary

##### WorldCall Telecommunications Lanka (Pvt.) Limited

Winding up of the subsidiary is in process as approved in the last year's AGM of the Parent Company. In annexed condensed consolidated financial information, the subsidiary has been accounted for under IFRS 5 as discontinued operations.

For and on behalf of the Board of Directors

Lahore  
26 July 2013

  
**Babar Ali Syed**  
Chief Executive Officer





## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (Un-Audited) AS AT 30 JUNE 2013

Note	(Rupees in '000)		
	30 June 2013	Restated 31 December 2012	Restated 31 December 2011
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	6 12,629,469	13,002,060	13,527,048
Capital work-in-progress	766,106	782,635	650,986
	<u>13,395,575</u>	<u>13,784,695</u>	<u>14,178,034</u>
<b>Intangible assets</b>			
Investment properties	7 4,881,517	4,987,160	5,183,628
Long term trade receivables	160,474	160,474	146,074
Deferred taxation	8 188,414	242,883	18,092
Long term loans and deposits	1,703,563	1,295,068	288,499
	<u>88,312</u>	<u>122,074</u>	<u>132,323</u>
	<u>20,417,855</u>	<u>20,592,354</u>	<u>19,946,650</u>
<b>CURRENT ASSETS</b>			
Stores and spares	198,387	225,091	235,415
Stock in trade	230,339	208,140	201,901
Trade debts	2,288,867	2,624,883	3,252,683
Loans and advances - considered good	1,560,012	1,441,416	1,058,229
Deposits and prepayments	214,458	190,848	142,945
Other receivables	94,772	56,742	81,995
Short term investments	100,953	104,982	114,489
Income tax recoverable - net	163,256	154,656	163,943
Cash and bank balances	79,917	100,742	327,028
	<u>4,930,961</u>	<u>5,107,500</u>	<u>5,578,628</u>
Non - current assets classified as held for sale	9 37	144	23
	<u>4,930,998</u>	<u>5,107,644</u>	<u>5,578,651</u>
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities	1,243,155	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	787,760	789,331	979,373
Short term borrowings	1,027,427	1,014,767	118,503
License fee payable	1,021,500	1,021,500	1,021,500
Trade and other payables	6,122,445	5,947,891	4,589,727
Interest and mark-up accrued	277,343	245,190	140,183
	<u>10,479,630</u>	<u>10,465,704</u>	<u>8,944,402</u>
Non - current liabilities classified as held for sale	9 2,771	3,563	7,278
	<u>10,482,401</u>	<u>10,469,267</u>	<u>8,951,680</u>
	<u>(5,551,403)</u>	<u>(5,361,623)</u>	<u>(3,373,029)</u>
<b>NET CURRENT LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Term finance certificates - secured	11 1,643,735	1,640,083	1,081,213
Long term loan	12 3,280,847	2,815,456	3,060,004
Deferred income	-	65,916	166,300
Retirement benefits	352,759	362,907	310,007
Liabilities against assets subject to finance lease	3,722	44,904	89,471
Long term payables	13 1,192,351	1,288,444	1,494,620
Long term deposits	42,432	42,458	42,661
	<u>6,515,846</u>	<u>6,260,168</u>	<u>6,244,276</u>
Contingencies and commitments	14 8,350,606	8,970,563	10,329,345
<b>REPRESENTED BY</b>			
<b>Share capital and reserves</b>			
Authorized capital			
1,500,000,000 (31 December 2012: 900,000,000) ordinary shares of Rs. 10 each	<u>15,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
500,000 (31 December 2012: nil) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)	<u>6,000,000</u>	-	-
Issued, subscribed and paid up capital	8,605,716	8,605,716	8,605,716
Share premium	837,335	837,335	837,335
Fair value reserve - available for sale financial assets	9,806	13,835	(242,023)
Exchange translation reserve	(3,742)	(4,447)	(5,868)
Accumulated (loss)/profit	(1,445,706)	(826,720)	794,309
Capital and reserves attributable to equity holders of the Company	<u>8,003,409</u>	<u>8,625,719</u>	<u>9,989,469</u>
Non controlling interest	(3,375)	(3,286)	(3,369)
	<u>8,000,034</u>	<u>8,622,433</u>	<u>9,986,100</u>
Surplus on revaluation	350,572	348,130	343,245
	<u>8,350,606</u>	<u>8,970,563</u>	<u>10,329,345</u>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

Lahore

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*Balouchi*  
Chief Executive Officer

*Director*  
Director

HALF YEARLY REPORT 2013



## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013

Note	(Rupees in '000)			
	Half year ended 30 June 2013	Half year ended 30 June 2012	Quarter ended 30 June 2013	Quarter ended 30 June 2012
<b>Continuing operations</b>				
Revenue - net	1,814,978	4,811,253	844,934	2,751,181
Direct cost	(1,812,613)	(4,442,159)	(898,792)	(2,356,292)
<b>Gross profit/(loss)</b>	<b>2,365</b>	<b>369,094</b>	<b>(53,858)</b>	<b>394,889</b>
Operating cost	(597,564)	(722,591)	(316,945)	(367,710)
<b>Operating (loss)/profit</b>	<b>(595,199)</b>	<b>(353,497)</b>	<b>(370,803)</b>	<b>27,179</b>
Finance cost	(325,815)	(313,983)	(161,683)	(142,900)
	<u>(921,014)</u>	<u>(667,480)</u>	<u>(532,486)</u>	<u>(115,721)</u>
Impairment loss on available for sale financial assets	-	(28,334)	-	(28,334)
Other operating income	13,906	147,145	5,760	140,669
Other operating expenses	(107,937)	(206,582)	(29,445)	(174,432)
<b>Loss before taxation</b>	<b>(1,015,045)</b>	<b>(755,251)</b>	<b>(556,171)</b>	<b>(177,818)</b>
Taxation	399,420	329,016	197,091	151,273
<b>Loss after taxation from continuing operations</b>	<b>(615,625)</b>	<b>(426,235)</b>	<b>(359,080)</b>	<b>(26,545)</b>
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	9 (1,301)	(1,473)	(355)	(694)
	<u>(616,926)</u>	<u>(427,708)</u>	<u>(359,435)</u>	<u>(27,239)</u>
Attributable to:				
Equity holders of parent	(616,544)	(427,276)	(359,435)	(27,036)
Non controlling interest	(382)	(432)	-	(203)
	<u>(616,926)</u>	<u>(427,708)</u>	<u>(359,435)</u>	<u>(27,239)</u>
<b>Loss per share - basic and diluted</b>				
From continuing and discontinued operations	Rupees (0.72)	(0.50)	(0.42)	(0.03)
From continuing operations	Rupees (0.72)	(0.50)	(0.42)	(0.03)

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

Lahore

32

*Balouchi*  
Chief Executive Officer

*Director*  
Director

HALF YEARLY REPORT 2013





**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Half year ended 30 June 2013	Half year ended 30 June 2012	Quarter ended 30 June 2013	Quarter ended 30 June 2012
------(Rupees in '000)-----				
Loss for the period	(616,926)	(427,708)	(359,435)	(27,239)
<b>Other comprehensive (loss) income - net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations	998	6,615	1,877	13,209
Net change in fair value of available for sale financial assets	(4,029)	(32,605)	568	(45,316)
Impairment loss transferred to profit and loss account	-	28,334	-	28,334
	(3,031)	2,344	2,445	(3,773)
<b>Total comprehensive loss for the period</b>	<b>(619,957)</b>	<b>(425,364)</b>	<b>(356,990)</b>	<b>(31,012)</b>
Attributable to:				
Equity holders of the Parent	(619,868)	(426,874)	(357,437)	(34,223)
Non controlling interest	(89)	1,510	447	3,211
	<b>(619,957)</b>	<b>(425,364)</b>	<b>(356,990)</b>	<b>(31,012)</b>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

Lahore

*Babandilji*  
Chief Executive Officer

*GILM7*  
Director



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

	Half year ended 30 June 2013	Half year ended 30 June 2012
------(Rupees in '000)-----		
<b>Cash flows from operating activities</b>		
Cash generated from operations	15 498,699	2,059,751
Decrease in long term deposits receivable	33,762	1,794
Increase in long term trade receivable	-	(803,635)
Decrease in long term deposits payable	(26)	(144)
Decrease in deferred income	(65,916)	(100,384)
Increase/(decrease) in long term payables	68,518	(417,520)
Retirement benefits paid	(51,728)	(7,213)
Finance cost paid	(267,742)	(160,664)
Taxes paid	(17,675)	(10,795)
<b>Net cash generated from operating activities</b>	<b>197,892</b>	<b>561,190</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(208,669)	(453,157)
Proceeds from sale of property, plant and equipment	6,993	18,908
<b>Net cash used in investing activities</b>	<b>(201,676)</b>	<b>(434,249)</b>
<b>Cash flows from financing activities</b>		
Running finance - net	(1,571)	(187,463)
Receipt of short term borrowings - net	12,660	17,471
Repayment of liabilities against assets subject to finance lease	(28,237)	(26,795)
<b>Net cash used in financing activities</b>	<b>(17,148)</b>	<b>(196,787)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(20,932)</b>	<b>(69,846)</b>
<b>Cash and bank balance at the beginning of the period</b>	<b>100,886</b>	<b>327,051</b>
<b>Cash and bank balance at the end of the period</b>	<b>79,954</b>	<b>257,205</b>

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

Lahore

*Babandilji*  
Chief Executive Officer

*GILM7*  
Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**



	Attributable to equity holders of the Company							Total
	Share capital	Share premium	Fair value reserve- available for sale financial assets	Currency translation reserve	Accumulated profit/(loss)	Revaluation reserve	Sub Total	
	(Rupees in '000)							
Balance as at 31 December 2011	8,605,716	837,335	(242,023)	(5,868)	804,241	343,245	10,342,646	10,339,277
Effect of change in accounting policy	-	-	-	-	(9,932)	-	(9,932)	(9,932)
Balance as at 31 December 2011 - restated	8,605,716	837,335	(242,023)	(5,868)	794,309	343,245	10,332,714	10,329,345
Total comprehensive income/(loss) for the period	-	-	(4,271)	4,673	(427,276)	-	(426,874)	1,510
Transfer to surplus on revaluation	-	-	-	-	(3,393)	3,393	-	(425,364)
Balance as at 30 June 2012 - restated	8,605,716	837,335	(246,294)	(1,195)	363,640	346,638	9,905,840	9,903,981
Total comprehensive income/(loss) for the period - restated	-	-	260,129	(3,252)	(1,188,868)	-	(931,991)	(1,427)
Transfer to surplus on revaluation	-	-	-	-	(1,492)	1,492	-	-
Balance as at 31 December 2012 - restated	8,605,716	837,335	13,835	(4,447)	(826,720)	348,130	8,973,849	8,970,563
Total comprehensive loss for the period	-	-	(4,029)	705	(616,544)	-	(619,868)	(619,957)
Transfer to surplus on revaluation	-	-	-	-	(2,442)	2,442	-	-
Balance as at 30 June 2013	8,605,716	837,335	9,806	(3,742)	(1,445,706)	350,572	8,353,981	8,350,606

The annexed notes 1 to 19 form an integral part of this condensed interim consolidated financial information.

Lahore

*Balanda*  
Chief Executive Officer

*Director*  
Director



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2013**

**1 Legal status and nature of business**

**1.1 The Group consists of:**

Worldcall Telecom 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. The registered office of the Company is situated at 67-A, C-III, Gulberg III, Lahore. In the year ended 30 June 2008, 56.80% shares (488,839,429 ordinary shares) had been acquired by Oman Telecommunications Company SAOG ("the Parent Company").

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 network. Payphones are installed at various shops/commercial outlets. The Company holds 70.65% of voting securities in the Subsidiary.

**2 Basis of preparation**

**Consolidation**

The condensed interim consolidated financial information includes the financial information of the Company and its Subsidiary. The financial information 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 information of the Subsidiary is included in the condensed interim consolidated financial information from the date that control commences until the date that control ceases.

**Transactions eliminated on consolidation**

Intragroup balances and any other unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the condensed interim consolidated financial information. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.



Non controlling interest is that part of net results of operations and of net assets of the Subsidiary attributable to interest which are not owned by the Group. Non controlling interest is presented separately in the consolidated financial statements. In view of negative equity of the Subsidiary, the complete amount of losses are being borne by the Company.

### 3 Statement of Compliance

This condensed interim consolidated financial information for the period has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements of Companies Ordinance, 1984 differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ("SECP") have been followed. This condensed interim consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

### 4 Accounting policies

Accounting policies adopted for preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the audited financial statements of the Group for the year ended 31 December 2012 and stated therein, except for the following:

The following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2013, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the condensed interim consolidated financial information of the Group.

- IAS 32 (amendment) - Offsetting Financial Assets and Financial Liabilities
- IFRIC 21 (amendment) - Levies 'an Interpretation on the accounting for levies imposed by governments'
- IAS 39 (amendment) - Novation of Derivatives and Continuation of Hedge Accounting
- IAS 36 (amendment) - Recoverable Amount Disclosures for Non-Financial Assets

#### 4.1 Retirement benefits

During the period, the Group adopted IAS 19 Employee Benefits and changed its basis for recognition of actuarial gains and losses on its defined benefit plan.

As a result of the change, all the changes in present value of defined benefit obligation are now recognised in the Condensed Interim consolidated Statement of Comprehensive Income and the past service costs are recognised in Condensed Interim consolidated Profit and Loss Account, immediately in the period they occur.

Previously, the Group recognised actuarial gains/losses over the expected average remaining working lives of the current employees, to the extent that unrecognised actuarial gains / losses exceeds 10 percent of present value of defined benefit obligation.

The change in accounting policy has been applied retrospectively and resulted in following changes in the financial statements:



31 December 2012      31 December 2011  
----- (Rupees in '000) -----

#### Condensed interim consolidated Balance Sheet

(Decrease)/increase in retirement benefits obligation	(24,788)	9,932
Decrease in accumulated loss	24,788	-
Decrease in accumulated profit	-	(9,932)

#### Year ended

31 December 2012      31 December 2011  
----- (Rupees in '000) -----

#### Condensed interim consolidated Statement of Comprehensive Income

Actuarial gain/(loss) on employee retirement benefits	34,720	(9,932)
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### 5 Significant accounting judgments and estimates

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards and requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgements 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgements made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2012.

Note      30 June 2013      31 December 2012  
----- (Rupees in '000) -----

### 6 Property, plant and equipment

#### Owned and leased assets:

Opening net book value		13,002,060	13,527,048
Additions during the period/year	6.1	249,557	678,907
		13,251,617	14,205,955
Disposals for the period/year - NBV	6.2	(3,487)	(16,771)
Adjustment during the period/year - NBV		(304)	-
Depreciation for the period/year		(618,357)	(1,187,124)
Closing net book value	6.3	12,629,469	13,002,060



30 June 31 December  
2013 2012  
------(Rupees in '000)-----

**6.1 Break-up of additions**

Leasehold improvements	302	3,463
Plant and equipment	244,703	634,202
Office equipment	93	962
Computers	1,013	36,229
Furniture and fixtures	-	300
Vehicles	3,446	3,751
	<u>249,557</u>	<u>678,907</u>

**6.2 Break-up of disposals (at NBV)**

Leasehold improvement	(11)	(24)
Office equipment	(632)	(40)
Computers	(45)	(16,001)
Furniture and fixtures	(256)	-
Vehicles	(2,543)	(706)
	<u>(3,487)</u>	<u>(16,771)</u>

**6.3** Property, plant and equipment includes equipment deployed in implementing the Universal Service Fund network which is subject to lien exercisable by Universal Service Fund Company ("USFC") in the event of failure by the Company to maintain service availability and quality specification.

30 June 31 December  
2013 2012  
------(Rupees in '000)-----

**7 Intangible assets**

Licenses		1,656,527	1,735,324
Indefeasible right of use - Media cost	7.1	658,434	684,568
Software		13,062	13,774
Goodwill	7.2	2,553,494	2,553,494
		<u>4,881,517</u>	<u>4,987,160</u>

**7.1** During the year 2011, the Company acquired an indefeasible right of use in respect of capacity procured from Multinet Pakistan (Private) Limited for the period of 15 years.

**7.2** Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of merger of Worldcall Telecom Limited with Worldcall Communications Limited, Worldcall Multimedia Limited and Worldcall Broadband Limited.

The Company assessed the recoverable amount of Goodwill at 30 June 2013 and determined that, as of this date, there is no indication of impairment of Goodwill. The recoverable amount was calculated on the basis of five year financial business plan approved by the Board which assumes cash inflows of USD 35 million during the financial year ending 31 December 2013 as foreign currency denominated convertible preference shares with mandatory conversion into equity.

The business plan also includes a comprehensive analysis of the existing operational deployments of the Company along with strategic direction of future investments and business growth. Discount rate of 16% was used for the calculation of net present value of future cash



flows. The cash flows beyond the five years period have been extrapolated using a steady 5% growth rate which is consistent with the long-term average growth rate for the industry, whereas for impairment calculation no growth is considered in cash flows beyond five years as per International Accounting Standard 36 - Impairment of Assets.

**8 Long term trade receivables**

This represents receivable from the sale of Optical Fiber Cable stated at amortized cost by using the discount rate of 16%. This amount is receivable from Pakistan Mobile Communications (Private) Limited over a period of five years and from Getronics Pakistan (Private) Limited over a period of 20 years.

**9 Non current assets and liabilities classified as held for sale**

The Company's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited was suffering losses as the demand for payphones in Sri Lanka has greatly diminished. Keeping in view the Sri Lankan market conditions and negative equity of the subsidiary, the management decided and approved the winding up of the subsidiary. Long term investment in subsidiary has been classified as discontinued operations.

Following are the results for the period ending 30 June 2013 and the comparative period of discontinued operations:

Half year ended 30 June 2013 Half year ended 30 June 2012  
------(Rupees in '000)-----

**Results of discontinued operations**

Revenue	-	-
Expenses	(1,346)	(1,472)
Results from operating activities	<u>(1,346)</u>	<u>(1,472)</u>
Finance cost	(1)	(1)
Other income	46	-
Loss for the period	<u>(1,301)</u>	<u>(1,473)</u>

**Cash flow generated from/(used in) discontinued operations**

Net cash used in operating activities	(1,318)	(1,885)
Net cash used in investing activities	-	-
Net cash generated from financing activities	1,211	2,009
Net cash generated from discontinued operation	<u>(107)</u>	<u>124</u>

30 June 2013 31 December 2012  
------(Rupees in '000)-----

**Assets and liabilities classified as held for sale****Assets**

Cash and bank balance	37	144
	<u>37</u>	<u>144</u>

**Liabilities**

Trade and other payables	2,764	3,556
Income tax payable	7	7
	<u>2,771</u>	<u>3,563</u>



Note	30 June	31 December
	2013	2012
----- (Rupees in '000) -----		
<b>10 Short term borrowings</b>		
Habib Bank Limited - I	734,000	708,000
Habib Bank Limited - II	220,000	194,459
KASB Bank Limited	-	49,500
Soneri Bank Limited - I	36,896	42,196
Soneri Bank Limited - II	36,531	4,879
Standard Chartered Bank (Pakistan) Limited	-	15,733
	<u>1,027,427</u>	<u>1,014,767</u>

**10.1** This represents a bridge loan facility of Rs. 734 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company. The said facility is repayable up to 31 July 2013 or receipts against Preference shares, whichever is earlier, having mark-up of 3 month KIBOR plus 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million.

**10.2** This represents a working capital finance facility of Rs. 220 million from Habib Bank Limited ("HBL"). The said facility is repayable up to 31 July 2013 or receipts against Preference shares, whichever is earlier, having mark-up of one month KIBOR plus 0.75% per annum. To secure the facility, an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favouring Habib Bank Limited. This arrangement shall remain effective until all obligations under the facility are settled.

**10.3** This facility is repayable up to 23 May 2014 having mark up of one month KIBOR plus 3% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

**10.4** This facility is repayable up to 23 May 2014 having mark up of one month KIBOR plus 3% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

	30 June	31 December
	2013	2012
----- (Rupees in '000) -----		
<b>11 Term finance certificates - secured</b>		
Term finance certificates	1,643,735	1,643,735
Less: Initial transaction cost	(53,994)	(53,994)
	<u>1,589,741</u>	<u>1,589,741</u>
Amortization of transaction cost	53,994	50,342
	<u>1,643,735</u>	<u>1,640,083</u>
Less: Current maturity	-	-
	<u>1,643,735</u>	<u>1,640,083</u>

Term finance certificates have a face value of Rs. 5,000 per certificate.

**Term finance certificates**

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. These TFCs were redeemable in seven equal semi annual instalments commencing from October 2010. Profit rate is charged at six months average KIBOR plus 1.60% per annum. These are secured by way of first pari passu charge on the present and future fixed assets of the Company amounting to Rs. 5,333.33 million and assignment of licenses.

These TFCs have been rescheduled by majority of TFC holders. The principal will be repayable in three semi annual instalments commencing from 07 October 2014.

	30 June	31 December
	2013	2012
----- (Rupees in '000) -----		
<b>12 Long term loan</b>		
Receipt	2,943,855	2,943,855
Less: Initial transaction cost	(42,668)	(42,668)
	<u>2,901,187</u>	<u>2,901,187</u>
Add: Amortization of transaction cost	13,715	10,667
	<u>2,914,902</u>	<u>2,911,854</u>
Add: Exchange loss	464,745	406,095
	<u>3,379,647</u>	<u>3,317,949</u>
Less: Current maturity	(98,800)	(502,493)
	<u>3,280,847</u>	<u>2,815,456</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. Initially, this loan was repayable in 20 equal quarterly instalments with 2 years grace period commencing from 06 June 2013. Profit is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.20% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favoring Askari Bank Limited against the corporate guarantee of Oman Telecommunication Company SAOG. This arrangement shall remain effective until all obligations under the facility are settled.

During the period, this loan has been rescheduled by Askari Bank Limited. Keeping other terms and conditions same, the principal is repayable in 16 quarterly instalments commencing from 06 June 2014. The aggregate grace period is now 3 years from the original date of the loan facility.

	30 June	31 December
	2013	2012
----- (Rupees in '000) -----		
<b>13 Long term payables</b>		
Payable to Pakistan Telecommunication Authority	680,546	768,589
Payable to Multinet Pakistan (Private) Limited	54,566	115,835
Suppliers	457,239	404,020
	<u>1,192,351</u>	<u>1,288,444</u>



**14 Contingencies and commitments****Contingencies****14.1 Billing disputes with PTCL**

**14.1.1** There is a dispute of Rs.72.64 million (31 December 2012: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 42.42 million (31 December 2012: Rs 41.40 million) for excess minutes billed on account of interconnect and settlement charges. The company is hopeful that matter will be decided in favour of the company.

**14.1.2** PTCL has charged the Company excess Domestic Private Lease Circuits (DPLC) and other media charges amounting to Rs. 195.51 million (31 December 2012: Rs.183.99 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2012: Rs. 40 million) in Escrow Account on account of dispute of charging of bandwidth charges from the date of activation of Digital Interface Units (DIUs) 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. The company is hopeful that matter will be decided in favour of the Company.

**14.2 Disputes with Pakistan Telecommunication Authority (PTA)**

**14.2.1** There is a dispute with PTA on roll out of Company's 479 MHz and 3.5 GHz frequency bands licenses for allegedly not completing roll out within prescribed time. The dispute is pending adjudication at PTA. The Company is hopeful that the issue will be favourably resolved at the level of PTA.

**14.2.2** There is a dispute with PTA on payment of Research & Development Fund contribution amounting to Rs. 5.65 million (31 December 2012: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable decision.

**14.2.3** There is a dispute with PTA on payment of contribution of APC for USF amounting to Rs. 491 million (31 December 2012: Rs. 491 million) in relation to the period prior to the valid formation of USF fund by the Federal Government. Out of this amount, Rs. 394 million has been deposited with PTA. The matter is pending adjudication before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

**14.3 Taxation issues**

**14.3.1** Income Tax Return for the tax year ended 30 June 2006 was filed under the self assessment scheme. Subsequently the case was reopened by invoking the provisions of section 122 (5A). Additions were made on account of brought forward losses, gratuity and goodwill of Rs. 773 million. The appeal of the Company is pending in Income Tax Appellate Tribunal Lahore. The company is hopeful that the matter will be decided in favour of the Company.

**14.3.2** Income Tax Returns for the tax year ended 30 June 2003 were filed under the self assessment scheme of Worldcall Communications Limited, Worldcall Multimedia Limited, Worldcall Broadband Limited and Worldcall Phonecards Limited, now merged into the Company. The Company has received orders under section 122(5A) against the said returns filed under self assessment on 02 January 2009. As per Orders, the Income Tax Department intends to amend the returns on certain issues such as depreciation, turnover tax adjustment, gratuity provision, share premium, allocation of expenses to capital gain, mark up from associates and share deposit money amounting to Rs. 29.9 million. An appeal has been filed by the Company against the orders before the Commissioner of Income Tax (Appeals). Commissioner of Income Tax (Appeals) has restored the original assessment order U/S 177 dated 17 May 2005



for Worldcall Broadband Limited. Remaining appeals were also decided and a partial relief was given by CIT (Appeals), while being aggrieved, the Company has filed appeals in Income Tax Appellate Tribunal Lahore. Based on legal advice, the company is hopeful that matter will be decided in favour of the Company.

**14.3.3** There is a dispute with sales tax authorities for payment of Rs.167 million claimed and obtained as sales tax refund in the year 2006 by the Company. The matter is presently being adjudicated by the Honorable Lahore High Court Lahore. An injunction currently holds field which precludes recovery from the Company. The Company has paid 20% of principal amount to date to the department against the said dispute. Moreover, this is an industrial issue and in case companies of other jurisdiction, the Inland Revenue Tribunal has dismissed the case of sales tax authorities. It is therefore that, the Company is hopeful of a favorable decision.

**14.4 Others**

**14.4.1** Samsung claimed an amount of Rs.138.32 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, the Company is hopeful that matter will be resolved in its favour.

	30 June 2013	31 December 2012
--	-----------------	---------------------

----- (Rupees in '000) -----

**Commitments**

<b>14.5</b> Outstanding guarantees	<u>1,182,550</u>	<u>1,213,373</u>
<b>14.6</b> Commitments in respect of capital expenditure	<u>2,010,086</u>	<u>2,070,847</u>
<b>14.7</b> Outstanding letters of credit	<u>-</u>	<u>38,840</u>

	Half year ended 30 June 2013	Half year ended 30 June 2012
--	------------------------------------	------------------------------------

----- (Rupees in '000) -----

**15 Cash generated from operations**

Loss before taxation	(1,016,346)	(756,724)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	618,357	594,174
Amortization of intangible assets	96,689	96,310
Amortization of transaction cost	6,700	8,527
Discounting charges	19,220	30,349
Amortization of receivables	(3,880)	554,608
Provision for doubtful receivables	107,667	79,100
Provision for stores and spares	11,000	3,000
Impairment loss on available for sale financial assets	-	28,334
Exchange loss on foreign currency loan	58,650	151,800
Gain on sale of property, plant and equipment	(3,506)	(2,162)
Exchange translation difference	836	6,824
Retirement benefits	29,525	52,025
Finance cost	299,896	275,108
<b>Profit before working capital changes</b>	<u>224,808</u>	<u>1,121,273</u>



Half year ended 30 June 2013      Half year ended 30 June 2012  
----- (Rupees in '000) -----

**Effect on cash flow due to working capital changes:***(Increase)/decrease in the current assets*

Stores and spares	15,709	(3,309)
Stock in trade	(22,195)	15,832
Trade debts	286,750	(547,084)
Loans and advances	(118,596)	(31,959)
Deposits and prepayments	(23,606)	(72,706)
Other receivables	(38,928)	27,361

*Increase in current liabilities*

Trade and other payables	174,757	1,550,343
	273,891	938,478
	<u>498,699</u>	<u>2,059,751</u>

**16 Related party transactions**

The related parties comprise of shareholders, foreign subsidiary, local associated companies, related group companies, directors of the Company, companies where directors also hold directorship and key management personnel. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Half year ended 30 June 2013	Half year ended 30 June 2012
		----- (Rupees in '000) -----	
Parent Company	Purchase of goods and services	16	392,146
	Sale of goods and services	6	33,843
Other related parties	Purchase of goods and services	5,042	4,584
	Sale of goods and services	510	1,330
Key management personnel	Salaries and other employee benefits	155,580	170,637

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

	30 June 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>Period end balances</b>		
Receivable from related parties	228,813	228,813
Payable to related parties	2,176,138	2,104,212

These are in normal course of business and are interest free.

**17 Financial instruments****Offsetting of financial assets and financial liabilities**

The Group adopted Disclosures-Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7). The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's balance sheet; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the balance sheet.

At the date of balance sheet, the Group has no enforceable master netting arrangements or other similar arrangements.

**17.1 Financial assets subject to offsetting**

As at 30 June 2013						
Note	Gross amounts of recognised financial assets	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial assets</b>						
Long term trade receivables	-	-	-	-	-	188,414
Long term loans and deposits	-	-	-	-	-	88,312
Trade debts	4,011,891	(1,723,024)	2,288,867	-	2,288,867	-
Loans and advances - considered good	-	-	-	-	-	648,143
Other receivables - current	-	-	-	-	-	82,069
Short term investments	-	-	-	-	-	100,953
Cash and bank balances	-	-	-	-	-	79,954
	<u>4,011,891</u>	<u>(1,723,024)</u>	<u>2,288,867</u>	<u>-</u>	<u>2,288,867</u>	

**17.2 Financial liabilities subject to offsetting**

As at 30 June 2013						
	Gross amounts of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial liabilities</b>						
Short term borrowings	-	-	-	-	-	1,027,427
Running finances under mark-up arrangements - secured	-	-	-	-	-	787,760
Licence fee payable	-	-	-	-	-	1,021,500
Trade and other payables	7,780,292	(1,908,910)	5,871,382	-	5,871,382	-
Interest and mark-up accrued	-	-	-	-	-	277,343
Term finance certificates - secured	-	-	-	-	-	1,643,735
Long term loan	-	-	-	-	-	3,379,647
Liabilities against assets subject to finance lease	-	-	-	-	-	79,814
Long term payables	-	-	-	-	-	1,192,351
Long term deposits	-	-	-	-	-	42,432
	<u>7,780,292</u>	<u>(1,908,910)</u>	<u>5,871,382</u>	<u>-</u>	<u>5,871,382</u>	



As at 31 December 2012

		Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial assets</b>						
Long term trade receivables	8	-	-	-	-	242,883
Long term loans and deposits		-	-	-	-	122,074
Trade debts		4,504,836	(1,879,953)	2,624,883	-	2,624,883
Loans and advances - considered good		-	-	-	-	591,399
Other receivables - current		-	-	-	-	37,694
Short term investments		-	-	-	-	104,982
Cash and bank balances		-	-	-	-	100,742
		<b>4,504,836</b>	<b>(1,879,953)</b>	<b>2,624,883</b>	<b>-</b>	<b>2,624,883</b>

## Financial liabilities subject to offsetting

As at 31 December 2012

	Note	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A-B	D	E=C-D
<b>Financial liabilities</b>						
Short term borrowings	10	-	-	-	-	1,014,767
Running finances under mark-up arrangements - secured		-	-	-	-	789,331
Licence fee payable		-	-	-	-	1,021,500
Trade and other payables		6,361,439	(699,913)	5,661,526	-	5,661,526
Interest and mark-up accrued		-	-	-	-	245,190
Term finance certificates - secured	11	-	-	-	-	1,640,083
Long term loan	12	-	-	-	-	3,317,949
Liabilities against assets subject to finance lease		-	-	-	-	105,005
Long term payables	13	-	-	-	-	1,288,444
Long term deposits		-	-	-	-	42,458
		<b>6,361,439</b>	<b>(699,913)</b>	<b>5,661,526</b>	<b>-</b>	<b>5,661,526</b>

## 18 Date of authorization for issue

This condensed interim consolidated financial information was authorized for issue on 26 July 2013 by the Board of Directors.

## 19 General

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



As at 31 December 2012

		Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	A	B	C=A-B	D	E=C-D	
<b>Financial assets</b>						
Long term trade receivables	8	-	-	-	-	242,883
Long term loans and deposits		-	-	-	-	122,074
Trade debts		4,504,836	(1,879,953)	2,624,883	-	2,624,883
Loans and advances - considered good		-	-	-	-	591,399
Other receivables - current		-	-	-	-	37,694
Short term investments		-	-	-	-	104,982
Cash and bank balances		-	-	-	-	100,742
		<b>4,504,836</b>	<b>(1,879,953)</b>	<b>2,624,883</b>	<b>-</b>	<b>2,624,883</b>

## Financial liabilities subject to offsetting

As at 31 December 2012

	Note	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A-B	D	E=C-D
<b>Financial liabilities</b>						
Short term borrowings	10	-	-	-	-	1,014,767
Running finances under mark-up arrangements - secured		-	-	-	-	789,331
Licence fee payable		-	-	-	-	1,021,500
Trade and other payables		6,361,439	(699,913)	5,661,526	-	5,661,526
Interest and mark-up accrued		-	-	-	-	245,190
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Liabilities against assets subject to finance lease		-	-	-	-	105,005
Long term payables	13	-	-	-	-	1,288,444
Long term deposits		-	-	-	-	42,458
		<b>6,361,439</b>	<b>(699,913)</b>	<b>5,661,526</b>	<b>-</b>	<b>5,661,526</b>

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