



**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)**

31 MARCH 2014





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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Condensed consolidated interim financial information



COMPANY INFORMATION

Chairman	Mehdi Mohammed Al Abduwani
Chief Executive Officer	Babar Ali Syed
Board of Directors (In Alphabetical order)	Mr. Aimen Bin Ahmed Al Hosni Mr. Asadullah Khawaja Mr. Mehdi Mohammed Al Abduwani (Chairman) Mr. Samy Ahmed Abdulqadir Al Ghassany Mr. Sohail Qadir Dr. Syed Salman Ali Shah Mr. Talal Said Marhoon Al Mamari (Vice Chairman)
Chief Financial Officer	Mr. Shahzad Saleem
Executive Committee	Mr. Mehdi Mohammed Al Abduwani Mr. Talal Said Marhoon Al Mamari Mr. Aimen Bin Ahmed Al Hosni Mr. Sohail Qadir Mr. Babar Ali Syed (Chief Executive Officer)
Audit Committee	Mr. Talal Said Marhoon Al Mamari (Chairman) Mr. Asadullah Khawaja (Vice Chairman) Mr. Aimen Bin Ahmed Al Hosni (Member) Dr. Syed Salman Ali Shah (Member) Mirghani Hamza Al-Madani (Secretary)
Human Resource & Remuneration Committee	Mr. Samy Ahmed Abdul Qadir Al Ghassany Mr. Aimen Bin Ahmed Al Hosni Mr. Sohail Qadir Mr. Talal Said Marhoon Al Mamari
Chief Internal Auditor	Mirghani Hamza Al-Madani
Company Secretary	Saud Mansoor Al Mazrooei
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisers	M/s Miankot & Co. Barristers, Advocates & Corporate Legal Consultant



Bankers (In Alphabetical Order)

Allied Bank Limited
Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Al Habib Limited
Barclays Bank Plc Pakistan
Burj Bank Limited
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
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
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



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 quarter ended 31 March 2014.

Financial Overview

During first quarter 2014 the company made net profit after tax of Rs 30 million. The revenue has decreased from Rs 970 million to Rs 693 million showing a decline of 29% against the comparative period. The reduction in business volume, charge of depreciation and high fixed cost contributed to a gross loss of Rs 54 million as against the gross profit of last year. Operating costs also witnessed favorable movement which cause saving of 8% against last period has arisen due to various cost cutting initiatives. The other income has significantly increased due to the appreciation of Rupee. After taking effects of finance cost and tax, the Company has closed the quarter at a net profit.

Future Outlook


The funding enabled the management to pursue the plan of network improvement and infrastructure enhancements, many project rollout milestones have been achieved to date in this regards. The management believes that the Company has got the potential and capability to take advantage of these opportunities. The Company is also focusing on sales and marketing front by taking various initiatives to revamp brand image and enhance visibility. Once the strategized plan is put in place, the financial indicators will show positive improvements.

Company's staff and customers

We express our appreciation and sincere thanks to all staff members for the hard work and dedication that they have put in. We further express our gratitude for our customers for their support and trust.

For and on behalf of the Board of Directors

Lahore
30 April 2014


Babar Ali Syed
Chief Executive Officer





CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 MARCH 2014

	Note	31 March 2014 Un-Audited	31 December 2013 Audited
----- (Rupees in '000) -----			
NON-CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	5	12,331,167	12,520,955
Capital work-in-progress		1,240,532	1,018,067
		<u>13,571,699</u>	<u>13,539,022</u>
Intangible assets			
Investment properties	6	4,723,059	4,775,881
Long term trade receivables	7	160,474	160,474
Deferred taxation		164,983	172,794
Long term loans and deposits		2,550,513	2,546,247
		<u>64,168</u>	<u>77,615</u>
		<u>21,234,896</u>	<u>21,272,033</u>
CURRENT ASSETS			
Stores and spares		220,928	186,253
Stock-in-trade		254,492	243,898
Trade debts		1,029,325	1,043,058
Loans and advances - considered good		839,630	969,604
Deposits and prepayments		615,812	192,786
Short term investments		90,937	83,193
Other receivables		71,070	79,665
Income tax recoverable - net		158,240	204,690
Cash and bank balances		1,720,787	2,501,852
Long term investment - classified as held for sale	8	5,001,221	5,504,999
		<u>5,001,221</u>	<u>5,504,999</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities		2,036,081	1,831,247
Running finance under mark up arrangements - secured		787,432	786,944
Short term borrowings	9	66,756	69,756
License fee payable		1,021,500	1,021,500
Trade and other payables		6,735,018	7,040,571
Interest and mark up accrued		225,643	258,311
		<u>10,872,430</u>	<u>11,008,329</u>
		<u>(5,871,209)</u>	<u>(5,503,330)</u>
NET CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Term finance certificates - secured	10	1,095,824	1,095,824
Long term loans	11	3,044,869	3,201,197
Retirement benefits		335,986	336,991
Liabilities against assets subject to finance lease		-	1,423
Long term payables	12	882,518	1,123,506
Long term deposits		42,332	42,333
Contingencies and commitments	13	5,401,529	5,801,274
		<u>9,962,158</u>	<u>9,967,429</u>
REPRESENTED BY			
Authorized capital			
1,500,000,000 (31 December 2013: 1,500,000,000) ordinary shares of Rs. 10 each		15,000,000	15,000,000
500,000 (31 December 2013: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)		6,000,000	6,000,000
Ordinary share capital	14	8,605,716	8,605,716
Preference share capital	15	3,537,700	3,537,700
Share premium		837,335	837,335
Fair value reserve		19,446	11,702
Exchange translation reserve		(111,200)	144,300
Accumulated loss		(3,287,508)	(3,527,284)
Surplus on revaluation		9,601,489	9,609,469
		<u>360,669</u>	<u>357,960</u>
		<u>9,962,158</u>	<u>9,967,429</u>

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

Lahore

Balanda
Chief Executive Officer

GRIMD
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2014

	Quarter ended 31 March 2014 Un-Audited	Quarter ended 31 March 2013 Un-Audited
----- (Rupees in '000) -----		
Revenue - net	693,607	970,044
Direct cost	(747,460)	(916,573)
Gross (loss)/profit	<u>(53,853)</u>	<u>53,471</u>
Operating cost	(256,341)	(277,867)
Operating loss	<u>(310,194)</u>	<u>(224,396)</u>
Finance cost	(163,870)	(164,132)
	<u>(474,064)</u>	<u>(388,528)</u>
Other income	575,075	8,146
Other expenses	-	(78,492)
Profit/(loss) before taxation	<u>101,011</u>	<u>(458,874)</u>
Taxation	(70,685)	202,329
Profit/(loss) after taxation	<u>30,326</u>	<u>(256,545)</u>
Basic earning/(loss) per share	(Rupees)	(0.02)
Diluted earning/(loss) per share	(Rupees)	(0.02)

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

Lahore

Balanda
Chief Executive Officer

GRIMD
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

	Quarter ended 31 March 2014 Un-Audited	Quarter ended 31 March 2013 Un-Audited
	----- (Rupees in '000) -----	
Profit/(loss) for the period	30,326	(256,545)
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Net change in fair value of available-for-sale financial assets	7,744	(4,597)
<i>Items that will not be reclassified to profit or loss</i>	-	-
Other comprehensive income - net of tax	7,744	(4,597)
Total comprehensive income/(loss) for the period - net of tax	<u>38,070</u>	<u>(261,142)</u>

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



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

	Note	Quarter ended 31 March 2014 Un-Audited	Quarter ended 31 March 2013 Un-Audited
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash (used in)/generated from operations	16	(476,424)	268,673
Retirement benefits paid		(21,887)	(33,330)
Finance cost paid		(140,395)	(136,540)
Taxes paid		(28,500)	(4,378)
Net cash (outflow)/inflow from operating activities		<u>(667,206)</u>	<u>94,425</u>
Cash flows from investing activities			
Fixed capital expenditure		(346,291)	(137,197)
Proceeds from sale of property, plant and equipment		4,035	5,869
Net cash outflow from investing activities		<u>(342,256)</u>	<u>(131,328)</u>
Cash flows from financing activities			
Proceeds received against long term loan - net		248,231	-
Running finance - net		488	2,394
(Payment)/receipt of short term borrowings - net		(3,000)	21,991
Repayment of liabilities against assets subject to finance lease		(17,322)	(13,768)
Net cash inflow from financing activities		<u>228,397</u>	<u>10,617</u>
Net decrease in cash and cash equivalents		<u>(781,065)</u>	<u>(26,286)</u>
Cash and cash equivalents at the beginning of the period		2,501,852	100,742
Cash and cash equivalents at the end of the period	17	<u>1,720,787</u>	<u>74,456</u>

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**



	Share Capital		Capital Reserve		Revenue Reserve		Total
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve	Exchange translation reserve	Accumulated profit/(loss)	
Balance as at 31 December 2012 (Audited)	8,605,716	-	837,335	13,835	-	(823,263)	8,981,753
Loss for the Period	-	-	-	-	-	(256,545)	(256,545)
Other comprehensive loss for the period - net of tax	-	-	-	(4,597)	-	-	(4,597)
Transfer to surplus on revaluation	-	-	-	-	-	(1,221)	1,221
Balance as at 31 March 2013 (Un-Audited)	8,605,716	-	837,335	9,238	-	(1,081,029)	8,720,611
Issuance of preference shares	-	3,537,700	-	-	-	-	3,537,700
Cost of issuance of preference shares	-	-	-	-	-	(161,139)	(161,139)
Loss for the Period	-	-	-	-	-	(2,045,035)	(2,045,035)
Other comprehensive income for the period - net of tax	-	-	-	2,464	-	1,665	4,129
Transfer to surplus on revaluation	-	-	-	-	-	(3,664)	8,609
Exchange translation reserve	-	-	-	-	144,300	(144,300)	-
Dividend on preference shares	-	-	-	-	-	(93,782)	(93,782)
Balance as at 31 December 2013 (Audited)	8,605,716	3,537,700	837,335	11,702	144,300	(3,527,284)	9,967,429
Profit for the period	-	-	-	-	-	30,326	30,326
Other comprehensive income for the period - net of tax	-	-	-	7,744	-	-	7,744
Transfer to surplus on revaluation	-	-	-	-	-	(2,709)	-
Exchange translation reserve	-	-	-	-	(255,500)	255,500	-
Dividend on preference shares	-	-	-	-	-	(43,341)	(43,341)
Balance as at 31 March 2014 (Un-Audited)	8,605,716	3,537,700	837,335	19,446	(111,200)	(3,287,508)	9,962,158

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

Lahore

Baband
Chief Executive Officer

[Signature]
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

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"). In addition to this, the Parent company has also invested in preference shares as stated in note 15 to this financial information.

2 Basis of preparation

2.1 Statement of Compliance

This condensed interim unconsolidated financial information for the period ended 31 March 2014 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 financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2013.

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 financial statement 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 financial information are same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2013 and stated therein.



4. Significant accounting judgments and estimates

The preparation of condensed interim financial information in conformity with approved accounting standards 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 unconsolidated 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 2013.

	31 March 2014	31 December 2013
Note	Un-Audited	Audited
----- (Rupees in '000) -----		

5 Property, plant and equipment

Owned and leased assets

Opening book value	12,520,955	13,002,060
Additions during the period	5.1 <u>133,142</u>	831,490
	<u>12,654,097</u>	13,833,550
Disposals for the period (at book value)	5.2 (33)	(46,090)
Adjustment during the period (at book value)	-	(631)
Depreciation charged during the period	(322,897)	(1,265,874)
Closing book value	5.3 <u>12,331,167</u>	<u>12,520,955</u>

5.1 Following is the details of additions during the period

Leasehold improvements	307	1,477
Plant and equipment	131,711	823,293
Office equipment	282	1,284
Computers	842	1,844
Vehicles	-	3,592
	<u>133,142</u>	<u>831,490</u>

5.2 Following are the book values of disposals during the period

Leasehold improvement	-	(11)
Plant and equipment	-	(39,258)
Office equipment	(27)	(632)
Computers	-	(45)
Furniture and fixtures	(6)	(273)
Vehicles	-	(5,871)
	<u>(33)</u>	<u>(46,090)</u>

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.



	31 March 2014	31 December 2013
Note	Un-Audited	Audited
----- (Rupees in '000) -----		

6. Intangible assets (at book value)

Licenses	1,538,339	1,577,738
Patents and copyrights	-	-
Indefeasible right of use - media cost	6.1 <u>619,233</u>	632,300
Software	11,993	12,349
Goodwill	6.2 <u>2,553,494</u>	<u>2,553,494</u>
	<u>4,723,059</u>	<u>4,775,881</u>

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

6.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and 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 31 March 2014 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 years financial business plan approved by the Board.

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 25.18% 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.

7. This represents receivable from the sale of optical fiber cable stated at amortized cost by using a discount rate of 16% per annum.

	31 March 2014	31 December 2013
	Un-Audited	Audited
----- (Rupees in '000) -----		

8. Long term investment - classified as held for sale

Foreign subsidiary - unquoted

Worldcall Telecommunications Lanka (Private) Limited (Incorporated in Sri Lanka)

7,221,740 (31 December 2013: 7,221,740) ordinary shares of Sri Lankan Rupees 10 each. Equity held 70.65% (31 December 2013: 70.65%)

Share deposit money	44,406	44,406
	<u>13,671</u>	<u>13,671</u>
	58,077	58,077

Provision for impairment	(58,077)	(58,077)
	<u>-</u>	<u>-</u>

The Company's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited ("the Subsidiary") has been suffering losses for last many years 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.

	Note	31 March 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Audited
9 Short term borrowings			
Soneri Bank Limited - I	9.1	32,051	35,051
Soneri Bank Limited - II	9.2	34,705	34,705
		<u>66,756</u>	<u>69,756</u>

9.1 This facility is repayable up to 23 May 2014 having mark up of six month KIBOR plus 4% per annum. It is secured through joint pari passu hypothecation charge with 25% margin.

9.2 This facility is repayable up to 23 May 2014 having mark up of six month KIBOR plus 4% per annum. It is secured through joint pari passu hypothecation charge with 25% margin.

	Note	31 March 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Audited
10 Term Finance Certificates - secured			
Term finance certificates		1,643,735	1,643,735
Initial transaction cost		(53,994)	(53,994)
		<u>1,589,741</u>	<u>1,589,741</u>
Amortization of transaction cost		53,994	53,994
		<u>1,643,735</u>	<u>1,643,735</u>
Current maturity		(547,911)	(547,911)
		<u>1,095,824</u>	<u>1,095,824</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. 3,838 million. Rs. 3,000 million were offered Pre-IPO out of which Rs. 2,838 million were subscribed by underwriters and Rs. 1,000 million was received from public against subscription. Profit rate is charged at six months average KIBOR plus 1.60% per annum.

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

	Note	31 March 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Audited
11 Long term loans			
Askari Bank Limited	11.1	2,879,971	3,201,197
Summit Bank Limited	11.2	164,898	-
		<u>3,044,869</u>	<u>3,201,197</u>



	Note	31 March 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Audited
11.1 Askari Bank Limited			
Receipt		2,943,855	2,943,855
Initial transaction cost		(129,365)	(129,365)
		<u>2,814,490</u>	<u>2,814,490</u>
Amortization of transaction cost		23,386	16,762
		<u>2,837,876</u>	<u>2,831,252</u>
Exchange loss		433,695	685,545
		<u>3,271,571</u>	<u>3,516,797</u>
Current maturity		(391,600)	(315,600)
		<u>2,879,971</u>	<u>3,201,197</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 being 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 favouring 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.

This loan was rescheduled by Askari Bank Limited. Keeping other terms and conditions of the agreement un-modified, the principal is repayable in 16 quarterly instalments commencing from 06 June 2014. The aggregate grace period now stands at 3 years from the original date of the loan facility, as per revised terms of the agreement.

	Note	31 March 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Audited
11.2 Summit Bank Limited			
Receipt		250,000	-
Initial transaction cost		(1,769)	-
		<u>248,231</u>	<u>-</u>
Amortization of transaction cost		-	-
		<u>248,231</u>	<u>-</u>
Current maturity		(83,333)	-
		<u>164,898</u>	<u>-</u>

This represents a term finance facility of PKR 250 million. This loan is repayable over a period of 18 equal monthly instalments commencing from 01 October 2014. Profit is being charged at current TDR rate plus 2.5%. It is secured through lien over TDR with 10% margin along with initial ranking charge which is to be upgraded to joint pari passu hypothecation charge with 25% margin within 60 days.

**12 Long term payables**

	31 March 2014 Un-Audited	31 December 2013 Audited
	----- (Rupees in '000) -----	
Payable to PTA	560,932	599,230
Payable to Multinet Pakistan (Private) Limited	-	58,102
Suppliers	<u>321,586</u>	<u>466,174</u>
	<u>882,518</u>	<u>1,123,506</u>

13 Contingencies and commitments**Contingencies****13.1 Billing disputes with Pakistan Telecommunication Company Limited ("PTCL")**

13.1.1 There is a dispute of Rs 72.64 million (31 December 2013: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs 44.37 million (31 December 2013: Rs 47.24 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. 214.07 million (31 December 2013: Rs.211.07 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2013: 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 the matter will be decided in favour of the Company.

13.2 Disputes with PTA

13.2.1 There is a dispute with PTA on roll out of the Company's 479 MHz and 3.5 GHz frequency band 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.

13.2.2 There is a dispute with PTA on payment of research and development fund contribution amounting to Rs. 5.65 million (31 December 2013: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

13.2.3 There is a dispute with PTA on payment of contribution of Access Promotion Contribution (APC) for Universal Service Fund (USF) amounting to Rs. 491 million (31 December 2013: 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 re-opened 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 Phone cards 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 Honourable 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 favourable decision.

13.4 Others

13.4.1 Samsung claimed an amount of Rs 137.06 million (USD 1.4 million) (31 December 2013: Rs. 147.28, USD 1.4 million) against its receivables under a certain settlement and service 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.

	31 March 2014 Un-Audited	31 December 2013 Audited
	----- (Rupees in '000) -----	

Commitments

13.5 Outstanding guarantees	<u>1,119,927</u>	<u>1,119,927</u>
13.6 Commitments in respect of capital expenditure	<u>2,307,667</u>	<u>2,346,433</u>
13.7 Outstanding letters of credit	<u>194,877</u>	<u>56,203</u>

14. Issued, subscribed and paid up share capital

860,571,513 (December 2013: 860,571,513) ordinary of Rs. 10 each	<u>8,605,716</u>	<u>8,605,716</u>
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15. Preference share capital

350,000 (December 2013:350,000) preference shares of USD 100 each fully paid in cash	<u>3,537,700</u>	<u>3,537,700</u>
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	31 March 2014	31 December 2013
Note	Un-Audited	Audited
	----- (Rupees in '000) -----	

The reconciliation of preference shares is as follows:

Opening number of shares	350,000	-
Shares issued during the period	-	350,000
Closing number of shares	<u>350,000</u>	<u>350,000</u>

These are foreign currency denominated in USD, non-voting, cumulative and convertible preference shares ("CPS", or "Preference Shares") having a face value of USD 100/- each, held by Oman Telecommunication Company SAOG ("Omantel", the Parent Company) and Habib Bank Limited (the Investor) amounting to USD 20 million and USD 15 million respectively.

The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but no later than the 5th anniversary. On 5th anniversary CPS will be mandatorily converted into ordinary voting common shares. The CPS shall be converted fully or partially in multiples of USD 1 million at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

The holders are entitled to a non-cash dividend which will be calculated at the rate higher of 5.9% per annum on each of the preference shares or the dividend declared by the Company for Ordinary Shareholders whichever is higher.

Omantel has provided a put option to the Investor in US Dollar where the Investor can sell its Convertible Preference Shares at Participation Amount along with any accumulated and accrued Dividend Shares and other pre-agreed charges and expenses (Put Strike Price) to Omantel. This Put Option may be exercised fully or partially in a multiple of USD 1 million from the 3rd anniversary of the CPS till the 5th anniversary or on occurrence of trigger events, as defined in CPS agreement, any time during the term of CPS.

The CPS have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 84 and 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Annual General Meeting held on 30 April 2012.
- The requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.



	Quarter ended 31 March 2014	Quarter ended 31 March 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	

16 Cash generated from operations

Profit/(loss) before taxation	101,011	(458,874)
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Adjustment for non-cash charges and other items:

- Depreciation on property, plant and equipment	322,897	295,034
- Amortization on intangible assets	48,344	48,344
- Amortization of transaction cost	6,624	4,263
- Discounting charges	17,820	8,034
- Amortization of long term receivables	(3,390)	(1,940)
- Provision for doubtful receivables	10,862	38,056
- Provision for stores and spares	-	9,000
- Exchange (gain)/loss on foreign currency loan	(251,850)	41,400
- Gain on sale of property, plant and equipment	(4,003)	(3,493)
- Retirement benefits	16,039	15,148
- Finance cost	139,426	151,835

Profit before working capital changes	403,780	146,807
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Effect on cash flow due to working capital changes:

- Increase/(decrease) in stores and spares	(34,674)	25,595
- Increase in stock-in-trade	(10,594)	(11,891)
- Decrease in trade debts	6,262	142,126
- Decrease/(increase) in loans and advances	129,974	(107,733)
- (Increase)/decrease in deposits and prepayments	(409,579)	18,310
- Decrease/(increase) other receivables	8,596	(60,881)
- (Decrease)/increase in trade and other payables	(570,189)	116,340
	(880,204)	121,866
	<u>(476,424)</u>	<u>268,673</u>

17. Cash and cash equivalents

Cash and bank balances	<u>1,720,787</u>	<u>74,456</u>
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18 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:



	Quarter ended	Quarter ended
	31 March	31 March
	2014	2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	

Relationship with the Company	Nature of transactions		
Parent Company	Purchase of goods and services	-	15
	Sale of goods and services	-	6
Other related parties	Purchase of goods and services	2,521	2,522
	Sale of goods and services	186	259
Key management personnel	Salaries and other employee benefits	78,019	79,139

	31 March	31 December
	2014	2013
	Un-Audited	Audited
	----- (Rupees in '000) -----	

Period/year end balances

Receivable from related parties	228,813	228,813
Payable to related parties	2,229,193	2,364,131

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

19 Date of authorization for issue

This condensed interim financial information was authorized for issue on 30 April 2014 by the Board of Directors of the Company.

Lahore

Balochi
Chief Executive Officer

GHIND
Director





WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

31 MARCH 2014



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 quarter ended 31 March 2014.

Group Foreign Subsidiary

WorldCall Telecommunications Lanka (Pvt.) Limited

Winding up of the subsidiary is in process as approved in the earlier AGM of the Parent Company. In annexed consolidated financial statements, the subsidiary has been accounted for under IFRS 5 as discontinued operations.

For and on behalf of the Board of Directors

Lahore
30 April 2014

Babar Ali Syed
Babar Ali Syed
Chief Executive Officer



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited) AS AT 31 MARCH 2014

	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
NON-CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	12,331,167	12,520,955
Capital work-in-progress	1,240,532	1,018,067
	<u>13,571,699</u>	<u>13,539,022</u>
Intangible assets	4,723,059	4,775,881
Investment properties	160,474	160,474
Long term trade receivables	164,983	172,794
Deferred taxation	2,550,513	2,546,247
Long term loans and deposits	64,168	77,615
	<u>21,234,896</u>	<u>21,272,033</u>
CURRENT ASSETS		
Stores and spares	220,928	186,253
Stock in trade	254,492	243,898
Trade debts	1,029,325	1,043,058
Loans and advances - considered good	839,630	969,604
Deposits and prepayments	615,812	192,786
Short term investments	90,937	83,193
Other receivables	61,372	69,965
Income tax recoverable - net	158,240	204,690
Cash and bank balances	1,720,787	2,501,852
Assets of disposal group classified as held for sale	4,991,523	5,495,299
	<u>2</u>	<u>128</u>
	<u>4,991,525</u>	<u>5,495,427</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	2,036,081	1,831,247
Running finance under mark up arrangements - secured	787,432	786,944
Short term borrowings	66,756	69,756
License fee payable	1,021,500	1,021,500
Trade and other payables	6,735,018	7,040,571
Interest and mark up accrued	225,643	258,311
	<u>10,872,430</u>	<u>11,008,329</u>
Liabilities of disposal group classified as held for sale	3,146	8,077
	<u>10,875,576</u>	<u>11,016,406</u>
	<u>(5,884,051)</u>	<u>(5,520,979)</u>
NET CURRENT LIABILITIES		
NON-CURRENT LIABILITIES		
Term finance certificates - secured	1,095,824	1,095,824
Long term loans	3,044,869	3,201,197
Retirement benefits	335,986	336,991
Liabilities against assets subject to finance lease	-	1,423
Long term payables	882,518	1,123,506
Long term deposits	42,332	42,333
	<u>5,401,529</u>	<u>5,801,274</u>
Contingencies and commitments		
	<u>9,949,316</u>	<u>9,949,780</u>
REPRESENTED BY		
Authorized capital		
1,500,000,000 (31 December 2013: 1,500,000,000) ordinary shares of Rs. 10 each	15,000,000	15,000,000
500,000 (31 December 2013: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)	6,000,000	6,000,000
Ordinary share capital	8,605,716	8,605,716
Preference share capital	3,537,700	3,537,700
Share premium	837,335	837,335
Fair value reserve	19,446	11,702
Exchange translation reserve	(115,222)	136,733
Accumulated loss	(3,292,558)	(3,532,185)
Capital and reserves attributable to equity holders of the Parent Company	9,592,417	9,597,001
Non controlling interest	(3,770)	(5,181)
	<u>9,588,647</u>	<u>9,591,820</u>
Surplus on revaluation	360,669	357,960
	<u>9,949,316</u>	<u>9,949,780</u>

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

Lahore

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Balawandi
Chief Executive Officer

Gill
Director

QUARTERLY REPORT 2014



CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 31 MARCH 2014

	Quarter ended 31 March 2014 (Un-Audited)	Quarter ended 31 March 2013 (Un-Audited)
	----- (Rupees in '000) -----	
Continuing operations		
Revenue - net	693,607	970,044
Direct cost	(747,460)	(916,573)
Gross (loss)/profit	<u>(53,853)</u>	<u>53,471</u>
Operating cost	(256,341)	(277,867)
Operating loss	<u>(310,194)</u>	<u>(224,396)</u>
Finance cost	(163,870)	(164,132)
	<u>(474,064)</u>	<u>(388,528)</u>
Impairment loss on available for sale financial assets	-	-
Other income	575,075	8,146
Other expenses	-	(78,492)
Profit/(loss) before taxation	<u>101,011</u>	<u>(458,874)</u>
Taxation	(70,685)	202,329
Profit/(loss) after taxation from continuing operations	<u>30,326</u>	<u>(256,545)</u>
Discontinued operations		
Loss for the period from discontinued operations	(211)	(946)
	<u>30,115</u>	<u>(257,491)</u>
Attributable to:		
Equity holders of the Parent Company	30,177	(257,214)
Non-controlling interest	(62)	(277)
	<u>30,115</u>	<u>(257,491)</u>
Basic loss per share		
From continuing and discontinued operations	Rupees (0.02)	(0.30)
From continuing operations	Rupees (0.02)	(0.30)
Diluted loss per share		
From continuing and discontinued operations	Rupees (0.02)	(0.30)
From continuing operations	Rupees (0.02)	(0.30)

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

Lahore

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Balawandi
Chief Executive Officer

Gill
Director

QUARTERLY REPORT 2014



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

	Quarter ended 31 March 2014 (Un-Audited) ----- (Rupees in '000) -----	Quarter ended 31 March 2013 (Un-Audited) ----- (Rupees in '000) -----
Profit/(loss) for the period after tax	30,115	(257,491)
Other comprehensive income/(loss) - net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	5,018	(879)
Net change in fair value of available for sale financial assets	7,744	(4,597)
	12,762	(5,476)
Total comprehensive income/(loss) for the period	42,877	(262,967)
Attributable to:		
Equity holders of the Parent Company	41,466	(262,431)
Non-controlling interest	1,411	(536)
	42,877	(262,967)

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

Lahore

Balawadhi
Chief Executive Officer

Gillmer
Director



**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

	Note	Quarter ended 31 March 2014 (Un-Audited) ----- (Rupees in '000) -----	Quarter ended 31 March 2013 (Un-Audited) ----- (Rupees in '000) -----
Cash flows from operating activities			
Cash (used in)/generated from operations	17	(300,400)	212,489
Decrease in long term deposits receivable		13,447	18,085
Decrease in long term trade receivable		7,811	-
Decrease in long term deposits payable		-	(25)
Decrease in deferred income		-	(21,540)
(Decrease)/increase in long term payables		(197,408)	59,523
Retirement benefits paid		(21,887)	(33,330)
Finance cost paid		(140,395)	(136,541)
Taxes paid		(28,500)	(4,378)
Net cash (used in)/generated from operating activities		(667,332)	94,283
Cash flows from investing activities			
Fixed capital expenditure		(346,291)	(137,197)
Proceeds from sale of property, plant and equipment		4,035	5,869
Net cash used in investing activities		(342,256)	(131,328)
Cash flows from financing activities			
Proceeds received against long term loan-net		248,231	-
Running finance - net		488	2,394
(Payment)/receipt of short term borrowings - net		(3,000)	21,991
Repayment of liabilities against assets subject to finance lease		(17,322)	(13,768)
Net cash generated from financing activities		228,397	10,617
Net decrease in cash and cash equivalents		(781,191)	(26,428)
Cash and cash equivalents at the beginning of the period		2,501,980	100,886
Cash and cash equivalents at the end of the period		1,720,789	74,458

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

Lahore

Balawadhi
Chief Executive Officer

Gillmer
Director

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**



Attributable to equity holders of the Group

	Ordinary share capital	Preference share capital	Share premium	Fair value reserve	Currency translation reserve	Accumulated profit/(loss)	Revaluation reserve	Total	Non controlling interest	Total Equity
Balance as at 31 December 2012 (Audited)	8,605,716	-	837,335	13,835	(4,447)	(826,720)	348,130	8,973,849	(3,286)	8,970,563
Loss for the Period	-	-	-	-	-	(257,214)	-	(257,214)	-	(257,214)
Other comprehensive loss for the period	-	-	-	(4,597)	(620)	-	-	(5,217)	(536)	(5,753)
Transfer to surplus on revaluation	-	-	-	-	-	(1,221)	1,221	-	-	-
Balance as at 31 March 2013 (Un-Audited)	8,605,716	-	837,335	9,238	(5,067)	(1,085,155)	349,351	8,711,418	(3,822)	8,707,596
Issuance of preference shares	-	3,537,700	-	-	-	-	-	3,537,700	-	3,537,700
Cost of issuance of preference shares	-	-	-	-	-	(161,139)	-	(161,139)	-	(161,139)
Loss for the Period	-	-	-	-	-	(2,045,810)	-	(2,045,810)	-	(2,045,810)
Other comprehensive (loss)/income for the period	-	-	-	2,464	(2,500)	1,665	-	1,629	(1,359)	270
Transfer to surplus on revaluation	-	-	-	-	-	(3,664)	8,609	4,945	-	4,945
Exchange translation reserve	-	-	-	-	144,300	(144,300)	-	-	-	-
Dividend on preference shares	-	-	-	-	-	(93,782)	-	(93,782)	-	(93,782)
Balance as at 31 December 2013 (Audited)	8,605,716	3,537,700	837,335	11,702	136,733	(3,532,185)	357,960	9,954,961	(5,181)	9,949,780
Profit for the Period	-	-	-	-	-	30,177	-	30,177	-	30,177
Other comprehensive income for the period	-	-	-	7,744	3,545	-	-	11,289	1,411	12,700
Transfer to surplus on revaluation	-	-	-	-	-	(2,709)	2,709	-	-	-
Exchange translation reserve	-	-	-	-	(255,500)	255,500	-	-	-	-
Dividend on preference shares	-	-	-	-	-	(43,341)	-	(43,341)	-	(43,341)
Balance as at 31 March 2014 (Un-Audited)	8,605,716	3,537,700	837,335	19,446	(115,222)	(3,292,568)	360,669	9,953,086	(3,770)	9,949,316

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

Lahore

Balawadhi
Chief Executive Officer

Griff
Director



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2014**

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 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"). In addition to this, Holding company has also invested in preference shares as stated in note 16.

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 Parent Company holds 70.65% of voting securities in the Subsidiary.

2 Basis of preparation

Consolidation

The consolidated interim 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 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 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 consolidated interim financial information for the period ended 31 March 2014 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 consolidated interim 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 2013.

4 Accounting policies

Accounting policies adopted for preparation of this condensed interim financial information are same as those applied in the preparation of the audited financial statements of the Group for the year ended 31 December 2013 and stated therein, except for the following:

5 Significant accounting judgments and estimates

The preparation of condensed consolidated interim financial information in conformity with approved accounting standards 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 consolidated interim 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 2013.

		31 March 2014 (Un-audited)	31 December 2013 (Audited)
	Note	----- (Rupees in '000) -----	
6 Property, plant and equipment			
<u>Owned and leased assets (at net book value (NBV))</u>			
Opening		12,520,955	13,002,060
Additions during the period/year	6.1	133,142	831,490
		12,654,097	13,833,550
Disposals for the period/year	6.2	(33)	(46,090)
Adjustment during the period/year		-	(631)
Depreciation for the period/year		(322,897)	(1,265,874)
Closing	6.3	12,331,167	12,520,955



		31 March 2014 (Un-audited)	31 December 2013 (Audited)
		----- (Rupees in '000) -----	
6.1 Break-up of additions			
Leasehold improvements		307	1,477
Plant and equipment		131,711	823,293
Office equipment		282	1,284
Computers		842	1,844
Vehicles		-	3,592
		133,142	831,490
6.2 Break-up of disposals (at NBV)			
Leasehold improvement		-	(11)
Plant and equipment		-	(39,258)
Office equipment		(27)	(632)
Computers		-	(45)
Furniture and fixtures		(6)	(273)
Vehicles		-	(5,871)
		(33)	(46,090)
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 Group to maintain service availability and quality specification.			
	Note	31 March 2014 (Un-audited)	31 December 2013 (Audited)
		----- (Rupees in '000) -----	
7 Intangible assets (at net book value)			
Licenses		1,538,339	1,577,738
Indefeasible right of use - media cost	7.1	619,233	632,300
Software		11,993	12,349
Goodwill	7.2	2,553,494	2,553,494
		4,723,059	4,775,881

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

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 Parent Company assessed the recoverable amount of Goodwill at 31 March 2014 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 years financial business plan approved by the Board.

The business plan also includes a comprehensive analysis of the existing operational deployments of the Parent Company along with strategic direction of future investments and business growth. Discount rate of 25.18% 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 the purpose of impairment calculation, no growth is considered in cash flows beyond the period of 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% per annum.

9 Non current assets and liabilities classified as held for sale

The Subsidiary 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 the Subsidiary has been classified as discontinued operations.

Following are the results for the period ending 31 March 2014 and the comparative period of discontinued operations:

	Quarter ended 31 March 2014 (Un-Audited)	Quarter ended 31 March 2013 (Un-Audited)
Results of discontinued operations		
Revenue	-	-
Expenses	(211)	(991)
Results from operating activities	(211)	(991)
Finance cost	-	(1)
Other income	-	46
Loss for the period	(211)	(946)
Cash flow used in discontinued operations		
Net cash used in operating activities	(126)	(630)
Net cash generated from financing activities	-	488
Net cash used in discontinued operation	(126)	(142)
	31 March 2014 (Un-Audited)	31 December 2013 (Un-Audited)
Assets and liabilities		
Assets		
Cash and bank balances	2	128
Liabilities		
Trade and other payables	3,139	8,070
Income tax payable	7	7
10 Short term borrowings		
Soneri Bank Limited - I	10.1 32,051	35,051
Soneri Bank Limited - II	10.2 34,705	34,705
	66,756	69,756



10.1 This facility is repayable up to 23 May 2014 having mark up of six month KIBOR plus 4% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

10.2 This facility is repayable up to 23 May 2014 having mark up of six month KIBOR plus 4% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
11 Term finance certificates - secured		
Term finance certificates	1,643,735	1,643,735
Less: Initial transaction cost	(53,994)	(53,994)
	1,589,741	1,589,741
Amortization of transaction cost	53,994	53,994
	1,643,735	1,643,735
Less: Current maturity	(547,911)	(547,911)
	1,095,824	1,095,824

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. 3,838 million. Rs. 3,000 million were offered Pre-IPO out of which Rs. 2,838 million were subscribed by underwriters and Rs. 1,000 million was received from public against subscription. Profit rate is charged at six months average KIBOR plus 1.60% per annum.

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.

	Note	31 March 2014 (Un-Audited)	31 December 2013 (Audited)
		----- (Rupees in '000) -----	
12 Long term loans			
Askari Bank Limited	12.1	2,879,971	3,201,197
Summit Bank Limited	12.2	164,898	-
		3,044,869	3,201,197
12.1 Askari Bank Limited			
Receipt		2,943,855	2,943,855
Less: Initial transaction cost		(129,365)	(129,365)
		2,814,490	2,814,490
Add: Amortization of transaction cost		23,386	16,762
		2,837,876	2,831,252



	31 March 2014 (Un-audited) ----- (Rupees in '000) -----	31 December 2013 (Audited)
Add: Exchange loss	<u>433,695</u>	<u>685,545</u>
	<u>3,271,571</u>	<u>3,516,797</u>
Less: Current maturity	<u>(391,600)</u>	<u>(315,600)</u>
	<u><u>2,879,971</u></u>	<u><u>3,201,197</u></u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Offshore 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 favouring Askari Bank Limited against the corporate guarantee of the Holding Company. This arrangement shall remain effective until all obligations under the facility are settled.

This loan was rescheduled by Askari Bank Limited. Keeping other terms and conditions of the agreement un-modified, the principal is repayable in 16 quarterly instalments commencing from 06 June 2014. The aggregate grace period now stands at 3 years from the original date of the loan facility, as per revised terms of the agreement.

12.2 Summit Bank Limited

	31 March 2014 (Un-audited) ----- (Rupees in '000) -----	31 December 2013 (Audited)
Receipt	<u>250,000</u>	-
Less: Initial transaction cost	<u>(1,769)</u>	-
	<u>248,231</u>	-
Add: Amortization of transaction cost	-	-
	<u>248,231</u>	-
Less: Current maturity	<u>(83,333)</u>	-
	<u><u>164,898</u></u>	<u>-</u>

This represents a term finance facility of PKR 250 million. This loan is repayable over a period of 18 equal monthly instalments commencing from 01 October 2014. Profit is being charged at current TDR rate plus 2.5%. It is secured through lien over TDR with 10% margin alongwith initial ranking charge which is to be upgraded to joint pari passu hypothecation charge with 25% margin within 60 days.

13 Long term payables

	31 March 2014 (Un-audited) ----- (Rupees in '000) -----	31 December 2013 (Audited)
Pakistan Telecommunication Authority	<u>560,932</u>	599,230
Multinet Pakistan (Private) Limited	-	58,102
Suppliers	<u>321,586</u>	466,174
	<u><u>882,518</u></u>	<u><u>1,123,506</u></u>



14 Contingencies and commitments

Contingencies

14.1 Billing disputes with Pakistan Telecommunication Company Limited ("PTCL")

14.1.1 There is a dispute of Rs 72.64 million (31 December 2013: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs 44.37 million (31 December 2013: Rs 47.24 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. 214.07 million (31 December 2013: Rs.211.07 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2013: 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 the matter will be decided in favour of the Parent Company.

14.2 Disputes with Pakistan Telecommunication Authority ("PTA")

14.2.1 There is a dispute with PTA on roll out of the Company's 479 MHz and 3.5 GHz frequency band 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 and development fund contribution amounting to Rs. 5.65 million (31 December 2013: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Parent Company is hopeful of a favourable decision.

14.2.3 There is a dispute with PTA on payment of contribution of Access Promotion Contribution (APC) for Universal Service Fund (USF) amounting to Rs. 491 million (31 December 2013: 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 Parent 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 re-opened 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 Parent Company is hopeful that the matter will be decided in favour of the Parent 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 Phone cards 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 Parent 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 Parent Company has filed appeals in Income Tax Appellate Tribunal Lahore. Based on legal advice, the Parent Company is hopeful that matter will be decided in favour of the Parent 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 Parent Company. The matter is presently being adjudicated by the Honourable Lahore High Court Lahore. An injunction currently holds field which precludes recovery from the Parent Company. The Parent 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 Parent Company is hopeful of a favourable decision.

14.4 Others

14.4.1 Samsung claimed an amount of Rs 137.06 million (USD 1.4 million) (31 December 2013: Rs. 147.28, USD 1.4 million) against its receivables under a certain settlement and service agreement. However, the Parent Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Parent Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, the Parent Company is hopeful that matter will be resolved in its favour.

	31 March 2014 (Un-audited)	31 December 2013 (Audited)
	----- (Rupees in '000) -----	
Commitments		
14.5 Outstanding guarantees	<u>1,119,927</u>	<u>1,119,927</u>
14.6 Commitments in respect of capital expenditure	<u>2,307,667</u>	<u>2,346,433</u>
14.7 Outstanding letters of credit	<u>194,877</u>	<u>56,203</u>
15. Issued, subscribed and paid up share capital		
860,571,513 (December 2013: 860,571,513) ordinary of Rs. 10 each	<u>8,605,716</u>	<u>8,605,716</u>
16. Preference share capital		
350,000 (December 2013: 350,000) preference shares of USD 100 each fully paid in cash	<u>3,537,700</u>	<u>3,537,700</u>
<i>The reconciliation of preference shares is as follows:</i>		
Opening number of shares	350,000	-
Shares issued during the period	-	350,000
Closing number of shares	<u>350,000</u>	<u>350,000</u>



These are foreign currency denominated in USD, non-voting, cumulative and convertible preference shares ("CPS", or "Preference Shares") having a face value of USD 100/- each, held by Oman Telecommunication Company SAOG ("Omantel", the Parent Company) and Habib Bank Limited (the Investor) amounting to USD 20 million and USD 15 million respectively.

The conversion option is exercisable by the holder at any time after the 1st anniversary of the issue date but no later than the 5th anniversary. On 5th anniversary CPS will be mandatorily converted into ordinary voting common shares. The CPS shall be converted fully or partially in multiples of USD 1 million at the conversion ratio defined in the agreement at 10% discount on share price after first anniversary and thereby increased by 10% additional discount for each completed year of anniversary.

The holders are entitled to a non-cash dividend which will be calculated at the rate higher of 5.9% per annum on each of the preference shares or the dividend declared by the Company for Ordinary Shareholders whichever is higher.

Omantel has provided a put option to the Investor in US Dollar where the Investor can sell its Convertible Preference Shares at Participation Amount along with any accumulated and accrued Dividend Shares and other pre-agreed charges and expenses (Put Strike Price) to Omantel. This Put Option may be exercised fully or partially in a multiple of USD 1 million from the 3rd anniversary of the CPS till the 5th anniversary or on occurrence of trigger events, as defined in CPS agreement, any time during the term of CPS.

The CPS have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 84 and 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Annual General Meeting held on 30 April 2012.
- The requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.

	Quarter ended 31 March 2014 (Un-Audited)	Quarter ended 31 March 2013 (Un-Audited)
	----- (Rupees in '000) -----	
17 Cash generated from operations		
Profit/(loss) before taxation	100,800	(459,820)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	322,897	295,034
- Amortization on intangible assets	48,344	48,344
- Amortization of transaction cost	6,624	4,263
- Discounting charges	17,820	8,034
- Amortization of long term receivables	(3,390)	(1,940)
- Provision for doubtful receivables	10,862	38,056



	Quarter ended 31 March 2014 (Un-Audited)	Quarter ended 31 March 2013 (Un-Audited)
	------(Rupees in '000)-----	
- Provision for stores and spares	-	9,000
- Exchange (gain)/loss on foreign currency loan	(251,850)	41,400
- Gain on sale of property, plant and equipment	(4,003)	(3,493)
- Exchange translation difference	4,259	(749)
- Retirement benefits	16,039	15,148
- Finance cost	139,426	151,836

Profit before working capital changes

407,828	145,113
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Effect on cash flow due to working capital changes:

- Increase/(decrease) in stores and spares		
- Stores and spares	(34,651)	7,506
- Stock-in-trade	(10,576)	(11,894)
- Trade debts	6,520	142,079
- Loans and advances	129,974	(107,733)
- Deposits and prepayments	(423,006)	18,307
- Other receivables	9,036	(60,960)
- (Decrease)/increase in trade and other payables		
- Trade and other payables	(385,525)	80,071
	(708,227)	67,376
	<u>(300,400)</u>	<u>212,489</u>

18 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:

		Quarter ended 31 March 2014 (Un-Audited)	Quarter ended 31 March 2013 (Un-Audited)
		------(Rupees in '000)-----	
Relationship with the Company	Nature of transactions		
Holding Company	Purchase of goods and services	-	15
	Sale of goods and services	-	6
Other related parties	Purchase of goods and services	2,521	2,522
	Sale of goods and services	186	259
Key management personnel	Salaries and other employee benefits	78,019	79,139

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



	31 March 2014 (Un-audited)	31 December 2013 (Audited)
	------(Rupees in '000)-----	

Period / year end balances

Receivable from related parties	228,813	228,813
Payable to related parties	2,229,193	2,364,131

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

19 Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on 30 April 2014 by the Board of Directors.

Lahore

Balawand Singh
Chief Executive Officer

G. I. M. T.
Director