CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED

30 SEPTEMBER 2010

# Worldcall Telecom Limited

# VISION

We at Worldcall are committed to achieving dynamic growth and service excellence by being at the cutting edge of technological innovation. We strive to consistently meet and surpass customers', employees' and stake-holders' expectations by offering state-of-the-art telecom solutions with national & international footprints. We feel pride in making efforts to position Worldcall and Pakistan in the forefront of international arena.

# **MISSION STATEMENT**

In the telecom market of Pakistan, Worldcall to have an 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.

# Worldcall Telecom Limited

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Condensed consolidated interim financial information

# **COMPANY INFORMATION**

| Chairman                                 | Mehdi Mohammed Al Abudwani   |
|--|--|
| Chief Executive Officer                  | Babar Ali Syed   |
| Board of Directors (In Alphabetic order) | Aimen bin Ahmed Al Hosni<br>Asadullah Khawaja<br>(Nominee Arif Habib Securities Ltd.)<br>Bernhard Heinichen<br>Mehdi Mohammed Al Abudwani<br>Saud bin Ahmed Al-Nahari<br>Salmaan Taseer<br>Samy Ahmed Abdulqadir Al Ghassany<br>Talal Said Marhoon Al-Mamari<br>Zafar Iqbal  |
| Chief Financial Officer                  | Mohammad Noaman Adil   |
| Executive Committee                      | Mehdi Mohammed Al Abduwani (Chairman)<br>Tala Said Marhoon Al-Mamar (Member)<br>Asadullah Khawaja (Member)<br>Babar Ali Syed (Member)<br>Aimen bin Ahmed Al-Hosni (Member)<br>Saud Mansoor Al-Mazroui (Secretary)  |
| Audit Committee                          | Talal Said Marhoon Al-Mamari (Chairman)<br>Zafar Iqbal (Member)<br>Asadullah Khawaja (Member)<br>Rizwan Abdul Hayi (Secretary)   |
| Chief Internal Auditor                   | Mirghani Hamza Al-Madani   |
| Company Secretary                        | Saud Mansoor Al-Mazroui  |
| Auditors                                 | KPMG Taseer Hadi & Co.<br>Chartered Accountants  |
| Legal Advisers                           | M/s Ebrahim Hosain & Associates<br>Advocates   |
| Bankers                                  | Allied Bank Limited<br>Arif Habib Bank Limited<br>Askari Bank Limited<br>Barclays Bank Plc Pakistan<br>Deutsche Bank AG<br>Emirates Global Islamic Bank Limited<br>Faysal Bank Limited<br>Faysal Bank Limited<br>Habib Metropolitan Bank Limited<br>Habib Metropolitan Bank Limited<br>HSBC Bank Middle East Limited<br>IGI Investment Bank Limited<br>KASB Bank Limited<br>MCB Bank Limited<br>MCB Bank Limited<br>MCB Bank Limited<br>MCB Mank Limited<br>MCB Mank Limited<br>MCB Mank Limited<br>MCB Mank Limited<br>Oman International Bank S.A.O.G.<br>Pak Oman Investment Co. Limited<br>Soneri Bank Limited<br>Standard Chartered Bank (Pakistan) Limited<br>The Bank of Punjab |
| Registrar and Shares Transfer Office     | THK Associates (Pvt.) Limited<br>Ground Floor<br>State Life Building No.3,<br>Dr. Zia-ud-Din Ahmed Road Karachi<br>20(021) 111-000-322   |
| Registered Office/Head Office            | 67-A, C/III, Gulberg-III<br>Lahore, Pakistan<br>(042) 5872633-38<br>Fax: (042) 5755231   |
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# Worldcall Telecom Limited

### **DIRECTORS' REVIEW**

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present the financial information for the third guarter and nine months ended 30 September 2010.

### **Financial Overview**

The business activity generally remained slow during the past quarter. Heavy floods effected vast area and normal business activity in many important cities came to halt due to heavy rains. Compared with the same period last year, the Company was able to maintain the revenue levels and close the period by posting revenue of Rs 5,976 million. Direct cost of Rs. 5.126 million witnessed an increase of 2% over the comparative period mainly on account of depreciation and network maintenance charges. This however affected the gross profit margin which stands at 14% as against 17% of the same period last year. High finance cost of Rs. 559 million on TFCs and other borrowings continued to be the major impediment to better financial performance. After accounting for tax, impairment and other expenses the period was closed with a net loss of Rs 744 million.

### **Future Outlook**

Activities on different USF projects are in progress. The commercial launch of MTR got delayed due to floods in the region however work has now been resumed expeditiously.

Competition and escalating cost of doing business are making it hard to translate the growth in revenues and subscribers into bottom line profits. The Company is assessing different synergy initiatives with Omantel which are aimed at entering new revenue streams so as to create value for the shareholders. Subsequent to the period end the Company successfully paid off a hefty redemption of TFCs of Rs 817 million entirely through its current resources. This not only indicates the potential but also offers reflection of the fact that the Company's financial position is expected to improve remarkably once its high cost debt burden is alleviated.

### Company's staff and customers

We would like to thank all our customers and subscribers for their encouragement and for the trust they placed in us. We also put on record here our appreciation and gratitude for all our staff members and valuable employees. Their efforts and loyalty to the organization is highly commendable.

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For and on behalf of the Board of Directors

Lahore 28 October 2010

Babanchily **Babar Ali Sved** 

Chief Executive Officer

# Worldcall Telecom Limited

# **CONDENSED INTERIM BALANCE SHEET (Un-Audited)** AS AT 30 SEPTEMBER 2010

| Capital work-in-progress         947,367         1,650,3           Intangible assets         7         4,646,654         4,767,2           Investment properties         8         88,522         76,1           Long term investment - classified as held for sale         9         -         -           Long term investment - classified as held for sale         9         -         -           Long term investment - classified as held for sale         9         -         -           Long term investment - classified as held for sale         9         -         -           Long term deposits         205,485         3392         68,89           CURRENT ASSETS         Stores and spares         Stores and spares         316,644,477         18,673,77           Short term investmentsavailable for sale         168,0918         22,195,182         317,6           Income tax recoverable-net         2,245,182         406,4592         15,828,25           Short term bornowings         111         336,4         144,00         -           Current maturities of non-current liabilities         1,046,65,20         2,245,912         1,665,50         -           Running finance curder mark-up accrued         1,666,432         1,166,05,203         3,964,8         -         1,  |  | Note                  | 30 September<br>2010 | 31 Deceml<br>2009 |
|--|--|-----------------------|----------------------|-------------------|
| Property plant and equipment       6       12,851,737       12,110.7         Capital work-in-progress       9       13,799,104       13,761,5         Intangible assets       7       4,646,654       4,767,2         Long term investment - classified as held for sale       9       -       -         Long term investment - classified as held for sale       9       -       -         Long term deposits       68,8222       76,1       -         Long term deposits       68,302       68,8       -       -         CURRENT ASSETS       18,644,477       18,673,7       18,16,37         Stock in trade       195,987,182       4,464,649       18,673,7         Trade debts       205,485       195,987,182       4,467,219       2,181,7         Current matritues of non-current liabilities       154,224       4,467,219       1,852,5       1,946,6         Current matritues of non-current liabilities       11       14,200       1,852,5       1,942,462       1,852,5       1,942,462       1,462,6       1,952,973       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462       1,962,462   | NON CURRENT ASSETS   |                       | (hupees              | iii 000)          |
| Capital work-in-progress         947,367         1,560.8           Intangible assets         7         4,646,654         4,767.2           Interstimet properties         8         88,522         76.1           Long term investment - classified as held for sale         9         -         -           Long term deceivable         10         46,805         -           Long term deceivable         10         46,805         -           CURRENT ASSETS         18,644,477         18,673.7           Stores and spares         550.50         18,644,477         18,673.7           CURRENT LABILITIES         2495,485         18,644,477         18,919           Deposits and prepayments         18,918         28,825         18,644,477         18,919           Other receivables         5         54,729         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,84,333,338,444,444,478,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,473,219         14,83,338,444,444,478,219         14,81,338,444,444,478,219   |  |                       |                      |                   |
| Capital work-in-progress         947,367         1,560.8           Intangible assets         7         4,646,654         4,767.2           Interstimet properties         8         88,522         76.1           Long term investment - classified as held for sale         9         -         -           Long term deceivable         10         46,805         -           Long term deceivable         10         46,805         -           CURRENT ASSETS         18,644,477         18,673.7           Stores and spares         550.50         18,644,477         18,673.7           CURRENT LABILITIES         2495,485         18,644,477         18,919           Deposits and prepayments         18,918         28,825         18,644,477         18,919           Other receivables         5         54,729         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,84,333,338,444,444,478,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,477,219         14,81,338,444,473,219         14,83,338,444,444,478,219         14,81,338,444,444,478,219   | Property, plant and equipment                                | 6                     | 12,851,737           | 12,110,70         |
| Intangible assets         7         4,646,654         4,767,2           Investment properties         8         88,522         76,1           Long term trade receivable         10         46,805         -           Long term trade receivable         10         46,805         -           Long term trade receivable         10         46,805         -         -           CURRENT ASSETS         63,392         66,805         -         -         -           Stores and spares         18,644,477         18,673,7         -  |  |                       |                      |                   |
| Investment properties         8         88,522         76,1           Long term investment - classified as held for sale         9         -         -           Long term divestment - classified as held for sale         9         -         -           Long term divestment - classified as held for sale         9         -         -           Long term dive receivable         10         46,805         -         -           Stores and spares         50ck in trade         205,485         18,644,477         18,673.7           Stores and spares         11         18,644,477         18,673.7         18,17           Deposits and prepayments         0         46,685         186,644,477         18,674.7           Other receivables         518,127         328,825         154,224         4,467,219         4,467,219         4,467,219         4,4142.0           CURRENT LIABILITIES         CURRENT LIABILITIES         4,467,219         1,485,6         5,309.9         1,142,00         -         -         1,045,6         5,509.9         1,045,6         5,509.9         1,045,6         -         1,045,6         5,509.9         1,045,6         5,509.9         1,045,6         -         1,045,6         1,045,6         1,045,6         1,044,142,0         1,055,1   |  |                       |                      | 13,761,5          |
| Investment properties         8         88,522         76,1           Long term investment - classified as held for sale         9         -         -           Long term divestment - classified as held for sale         9         -         -           Long term divestment - classified as held for sale         9         -         -           Long term dive receivable         10         46,805         -         -           Stores and spares         50ck in trade         205,485         18,644,477         18,673.7           Stores and spares         11         18,644,477         18,673.7         18,17           Deposits and prepayments         0         46,685         186,644,477         18,674.7           Other receivables         518,127         328,825         154,224         4,467,219         4,467,219         4,467,219         4,4142.0           CURRENT LIABILITIES         CURRENT LIABILITIES         4,467,219         1,485,6         5,309.9         1,142,00         -         -         1,045,6         5,509.9         1,045,6         5,509.9         1,045,6         -         1,045,6         5,509.9         1,045,6         5,509.9         1,045,6         -         1,045,6         1,045,6         1,045,6         1,044,142,0         1,055,1   |  |                       |                      |                   |
| Long term investment - classified as held for sale         9         -         -           Long term deposits         10         46,805         -           Long term deposits         63,392         68,8           CURRENT ASSETS         18,644,477         18,673,7           Stores and spares         205,485         195,987         21,16,7           Stock in trade         195,987         22,116,7         18,21,17           Deposits and pares         206,485         195,987         12,116,7           Stock in trade         195,987         22,116,7         466,459           Deposits and prepayments         206,485         182,117         466,459         182,117         466,72         181,9         22,48,912         18,83         378,4         143,14         44,67,219         41,42,0         44,474,012         44,472,012         44,472,012         44,472,012         44,472,012         44,474,012         44,472,012         44,474,012         44,474,012         44,474,012         44,474,012         44,474,012         44,474,012         44,467,219         1,045,6         5,300,99         6,31,99         1,045,6         5,300,99         6,31,92         (1,167,81         4,467,31         1,66,63         2,128,2         1,166,63         4,41,00         1,66   | -  |                       |                      |                   |
| Long term trade receivable         10         46,805   | Investment properties  |                       | 88,522               | 76,1              |
| Long term deposits         63.392         66.8           CURRENT ASSETS         18,644,477         18,673,77           Stores and spares         205,485         18,644,477         18,673,77           Stores and spares         205,485         182,11         2,116,7           Deposits and prepayments         205,485         182,918         2,116,7           Other receivables         Short term investments-available for sale         116,824,477         18,693,118         118,918           CURRENT LIABILITIES         Current matrivities of non-current liabilities         660,520         328,825         1,046,0         326,825         1,046,0         326,825         1,045,0         1,045,0         3,06,44         142,00         1,055,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,045,0         1,055,0         1,045,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,055,0         1,050,000,00         1,065,030,000,00,00         1,056,043,0         1,056,043,0         1,056,043,0         1,050,000,00,00,00,00,00,00,00         1,050,000,000,00,00,00,00,00,00,00,00,00,   | Long term investment - classified as held for sale           | 9                     | -                    | -                 |
| CURRENT ASSETS           Stores and spares           Stores in trade           Trade debts           Loans and advances - considered good           Deposits and prepayments           Other receivables           Short term investments-available for sale           Income tax recoverable-net           Cash and bank balances           CURRENT LIABILITIES           Current maturities of non-current liabilities           Running finance under mark-up arrangements - secured           Short term borrowings           Trade and other payables           Interest and mark-up acrued           NON CURRENT LIABILITIES           Current maturities of non-current liabilities           Retirement benefits           Liabilities against assets subject to finance lease           Long term payables           Long term deposits           Authorized capital and reserves           Authorized capital and reserves  | Long term trade receivable                                   | 10                    | 46,805               | -                 |
| CURRENT ASSETS           Stores and spares           Stock in trade           Trade debts           Loans and advances - considered good           Deposits and prepayments           Other receivables           Short term investments-available for sale           Income tax recoverable-net           Current maturities of non-current liabilities           Running finance under mark-up arangements - secured           Short term investments-available for sale           Short term investments-available for sale           CURRENT LIABILITIES           Current maturities of non-current liabilities           Ron other payables           Short term investments-available for sale           Short term investments-available for sale           Short term borrowings           Trade and other payables           Interest and mark-up accrued           Deferred taxation           Retirement benefits           Ling term deposits           Contingencies and commitments           Ling term deposits           Contingencies and commitments           Ling term deposits           Share capital and reserves           Authorized capital and reserves           Authorized capital and paid up capital           Share prenum  | Long term deposits   |                       |                      | 68,8              |
| Stores and spares     205,485     317,6       Stock in trade     195,987     12,495,182       Charnes and advances - considered good     2,495,182     406,459       Deposits and prepayments     317,6     12,116,7       Other receivables     180,918     26,127       Short term investments-available for sale     377,4       Income tax recoverable-net     154,224     143,1       CURRENT LIABILITIES     2,248,912     778,4       Current maturities of non-current liabilities     4,467,219     4,462,01       Running finance under mark-up arrangements - secured     11     18,802       Short term borrowings     11     141,000     4,666,50       Trade and other payables     11     165,65     1,045,6       Interest and mark-up accrued     2,767,922     3,364,8     166,65       Deferred taxation     162,978     3,364,8     175,9       Retirement benefits     12,64,30     175,9     16,64,30     175,9       Liabilities against assets subject to finance lease     18,802     2,125,22     3,364,8       Long term payables     1,268,643     2,125,22     2,364,30     175,9       Long term deposits     12     -     -     -       Share capital and reserves     2,000,000     9,000,000     9,000,   | CURRENT ASSETS   |                       | 18,644,477           | 18,673,7          |
| Stock in trade       195,967       2,445,162         Trade debts       2,445,162       2,445,162         Lams and advances - considered good       2,445,162       162,116,7         Deposits and prepayments       328,825       154,224       143,1         Other receivables       156,227       3364       3774,4         Short term investments-available for sale       11       22,48,912       1,858,55         CURRENT LIABILITIES       2,248,912       1,858,55       1,045,65         Current maturities of non-current liabilities       4,606,520       308,555       1,045,65         Short term borrowings       11       4,606,520       308,955       1,166,6       2,239,11       166,6       5,309,9         NET CURRENT LIABILITIES       7,982,462       3,64,8       3,98,1       1,767,822       3,364,8       3,98,1         NON CURRENT LIABILITIES       2,767,922       3,364,8       3,86,2       2,125,2       2,125,2       2,125,2       3,98,1       1,758,0       1,157,90       1,167,8         NON CURRENT LIABILITIES       2,767,922       3,364,8       3,364,8       3,2,56       2,125,2       2,125,2       2,125,2       2,125,2       2,125,2       2,125,2       2,125,2       2,125,2       2,15,2   |  |                       | 205 / 85             | 317.6             |
| Trade debts       2,495,182       2,116,7         Lans and advances - considered good       260,7       466,7         Deposits and prepayments       180,918       26,127       328,825         Other receivables       154,224       143,1       158         Short term investments-available for sale       154,224       44,472,012       364,4         CURRENT LIABILITIES       2,146,7       366,520       376,4         CURRENT unaming finance under mark-up arrangements - secured       11       366,520       308,555       1,045,6         Short term borrowings       11       2,248,912       677,475       1,045,6       -       2,239,1       1,666,520       308,955       -       2,239,1       1,666,620       3,984,245       3,964,8 </td <td></td> <td></td> <td></td> <td></td>   |  |                       |                      |                   |
| Loans and advances - considered good<br>Deposits and prepayments<br>Other receivables<br>Short term investments-available for sale<br>Income tax recoverable-net<br>Cash and bank balances<br>CURRENT LIABILITIES<br>Current maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured<br>Short term borrowings<br>Nort CURRENT LIABILITIES<br>Trade and other payables<br>Interest and mark-up accrued<br>NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits<br>Contingencies and commitments<br>Contingencies and commitments<br>Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit<br>Surely payables<br>Long term deposits<br>Contingencies and commitments<br>Fair value reserve-available for sale financial assets<br>Accumulated profit<br>Sure payables to share to the form an integral part of this condensed interim financial information.  |  |                       |                      |                   |
| Deposits and prepayments<br>Other receivables<br>Short term investments-available for sale<br>Income tax recoverable-net<br>Cash and bank balances180,918<br>22,127<br>328,825<br>154,224<br>474,012<br>4,467,219181,9<br>15,8<br>378,4<br>143,1<br>336,4<br>4,467,219CURRENT LIABILITIES<br>Current maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured<br>Short term borrowings<br>Trade and other payables<br>Interest and mark-up accrued11180,918<br>22,127<br>336,4<br>4,467,2191,858,5<br>1,045,6<br>1,045,6<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6<br>1,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6,52<br>1,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6,52<br>1,045,6,52<br>1,045,6,521,045,6,52<br>1,045,6,52NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits2,767,922<br>1,268,643<br>1,268,643<br>2,125,2<br>2,3,364,89<br>2,125,23,364,89<br>2,125,2<br>2,3,364,89<br>2,125,2Contingencies and commitments12Share capital and reserves<br>Authorized capital 90,000,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each9,000,0009,000,000Suead, subscribed and paid up capital<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit9,000,0009,000,000Surplus on revaluation3,36,664<br>3,31,57,0311,379,0 </td <td></td> <td></td> <td></td> <td></td>  |  |                       |                      |                   |
| Other receivables26,127<br>378,4Short term coverable-net326,224<br>378,4Current maturities of non-current liabilities4,467,219Current maturities of non-current liabilities11Current maturities of non-current liabilities11Trade and other payables11Trade and other payables11Interest and mark-up accrued2,767,922NET CURRENT LIABILITIES3,964,8NON CURRENT LIABILITIES2,767,922Term finance certificates - secured2,767,922Long term payables12,268,643Long term payables12,268,643Long term payables12,268,643Long term deposits12Contingencies and commitments12REPRESENTED BY10,651,103Share capital and reservesAuthorized capital 900,000,000 (31 December 2009: 900,000,000)ordinary shares of Rs. 10 each9,000,0009,000,0009,000,0009,000,0009,000,0009,000,0009,000,0009,000,0009,000,0009,000,0009,000,00011,1379,011,379,011,379,012,278,11,316,126,8314,42,016,651,10311,379,0   | ÷  |                       |                      |                   |
| Short term investments-available for sale<br>Income tax recoverable-net328,825<br>154,224<br>143,11Cash and bank balances1474,012<br>4,467,219CURRENT LIABILITIES<br>Current maturities of non-current liabilities<br>Short term borrowings11Tade and other payables<br>Interest and mark-up accrued11NON CURRENT LIABILITIES<br>Tade and other payables<br>Interest and mark-up accrued11NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities gainst assets subject to finance lease<br>Long term deposits2,767,922<br>13,802<br>14,630<br>13,802<br>14,630<br>14,555<br>2,125,240Contingencies and commitments12-Contingencies and commitments12-Share capital and reserves<br>Acuthorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each9,000,0009,000,000<br>9,000,000Share capital and reserves<br>Acuthorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each9,000,0009,000,000<br>9,000,000Share capital and reserves<br>Acuthorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each9,000,0009,000,00Share premium<br>Share premium8,605,716<br>(837,335<br>(54,195)<br>9,025,831<br>(7,048,605,716<br>(837,335<br>(7,048,605,716<br>(837,335<br>(7,04Surplus on revaluation30,66,644<br>(1,674,94331,737,00The annexed notes 1 to 16 form an integral part of this condensed interim financial information.31,074,74   | Deposits and prepayments                                     |                       | 180,918              | 181,9             |
| Income tax recoverable-net<br>Cash and bank balances<br>CURRENT LIABILITIES<br>CUrrent maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured<br>Short term borrowings<br>Trade and other payables<br>Interest and mark-up accrued<br>NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits<br>Contingencies and commitments<br>Contingencies and commitments<br>REPRESENTED BY<br>Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each<br>Supplus on revaluation<br>Supplus on revaluation<br>The annexed notes 1 to 16 form an integral part of this condensed interim financial information.   | Other receivables  |                       | 26,127               | 15,8              |
| Cash and bank balances474,012CURRENT LIABILITIES4,467,219Current maturities of non-current liabilities11Short term borrowings11Trade and other payables11Interest and mark-up accrued11NON CURRENT LIABILITIES2,767,922NET CURRENT LIABILITIES3,515,243)Term finance curtificates - secured2,767,922Deferred taxation162,978Retirement benefits18,802Liabilities against assets subject to finance lease1,268,643Long term payables1,268,643Long term payables1,268,643Contingencies and commitments12Contingencies and commitments12Share capital and reserves11,379,0Rupreserves8,605,716Share premium8,605,716Share premium8,605,716Share premium8,605,716Share premium3,36,664Share premium10,314,439Share premium10,651,103The annexed notes 1 to 16 form an integral part of this condensed interim financial information.  | Short term investments-available for sale                    |                       | 328,825              | 378,4             |
| CURRENT LIABILITIES<br>Current maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured<br>Short term borrowings114,467,2194,142,0Interest and mark-up accrued112,248,912<br>677,475<br>1,045,66<br>308,5551,045,66<br>-<br>-<br>2,239,11,858,5<br>1,045,66<br>-<br>2,239,1NET CURRENT LIABILITIES<br>NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits2,767,922<br>1,268,6433,364,8<br>2,125,2<br>2,3,364,8<br>3,356Contingencies and commitments<br>Contingencies and commitments12-<br>-<br>10,651,103-<br>11,379,0Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each9,000,0009,000,000<br>9,000,000Issued, subscribed and paid up capital<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>8,605,716<br>   | Income tax recoverable-net                                   |                       | 154,224              | 143,1             |
| CURRENT LIABILITIES<br>Current maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured<br>Short term borrowings114,467,2194,142,0Interest and mark-up accrued112,248,912<br>677,475<br>1,045,6<br>308,5551,858,5<br>1,045,6<br>308,5551,045,6<br>6,530,9NET CURRENT LIABILITIES308,555<br>7,982,4621,167,86<br>5,309,9NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits2,767,922<br>12,86,463<br>2,125,2<br>2,125,2<br>2,126,4303,364,8<br>3,364,8<br>3,356<br>4,11Contingencies and commitments<br>Term deposits12Net curred application of the second se | Cash and bank balances                                       |                       | 474,012              | 336,4             |
| Current maturities of non-current liabilities<br>Running finance under mark-up arrangements - secured2,248,912<br>677,475<br>1,045,6<br>308,555Short term borrowings11Trade and other payables<br>Interest and mark-up accrued11NET CURRENT LIABILITIES308,555<br>7,982,462NON CURRENT LIABILITIES<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term deposits2,767,922<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,268,643<br>1,379,0Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 eachShare premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profitSurplus on revaluationSurplus on revaluationThe annexed notes 1 to 16 form an integral part of this condensed interim financial information.   |  |                       | 4,467,219            | 4,142,0           |
| Running finance under mark-up arrangements - secured11677,4751,045,6Short term borrowings11141,0002,239,1Interest and mark-up accrued2,030,555308,555166,6NET CURRENT LIABILITIES(3,515,243)(1,167,86NON CURRENT LIABILITIES2,767,9223,364,8Deferred taxation216,430175,9Retirement benefits216,430175,9Liabilities against assets subject to finance lease18,8021,268,643Long term payables1,268,6432,125,2Long term deposits12REPRESENTED BY10,651,10311,379,0Share capital and reserves8,605,716837,335Authorized capital 900,000,000 (31 December 2009: 900,000,000)9,000,009,000,00ordinary shares of Rs. 10 each9,000,0009,000,000Issued, subscribed and paid up capital8,605,716837,335Fair value reserve-available for sale financial assets(54,195)925,583Accumulated profit336,664331,54Surplus on revaluation336,664331,54The annexed notes 1 to 16 form an integral part of this condensed interim financial information.11,379,0  |  |                       |                      |                   |
| Short term borrowings       11       141,000       2.239,1         Trade and other payables       308,555       166,6         Interest and mark-up accrued       308,555       166,6         NET CURRENT LIABILITIES       (3,515,243)       (1,167,86         Term finance certificates - secured       2,767,922       3,364,8         Deferred taxation       11       141,000       398,15         Retirement benefits       166,60       5,309,9       398,1         Liabilities against assets subject to finance lease       162,978       3,864,8       398,1         Long term payables       1,268,643       175,9       18,55       2,125,2         Long term deposits       12       1,268,643       44,1         Contingencies and commitments       12       10,651,103       11,379,0         REPRESENTED BY       Share capital and reserves       8,605,716       837,335       6,605,716         Share premium       8,605,716       837,335       1,674,9       1,674,9         Share premium       10,651,103       11,379,0       1,674,9         Surplus on revaluation       336,664       331,5       1,674,9         Surplus on revaluation       336,664       331,5       11,379,0         Th   |  |                       |                      | 1,858,5           |
| Trade and other payables       4,606,520       2,239,1         Interest and mark-up accrued       308,555       166,65         NET CURRENT LIABILITIES       (3,515,243)       (1,167,86         NON CURRENT LIABILITIES       2,767,922       3,364,8         Tram finance certificates - secured       2,767,922       3,364,8         Deferred taxation       162,978       3,88,1         Retirement benefits       216,430       175,9         Liabilities against assets subject to finance lease       1,268,643       44,1         Long term deposits       4,3356       2,125,2       44,1         Contingencies and commitments       12       -       -         REPRESENTED BY       10,651,103       11,379,0         Share capital and reserves       9,000,000       9,000,000         ordinary shares of Rs. 10 each       9,000,000       9,000,000         Issued, subscribed and paid up capital       8,605,716       8,605,716         Share premium       8,605,716       9,25,583       (7,44,195)         Accumulated profit       10,314,439       11,047,4         Surplus on revaluation       336,664       331,5       (70,44,164,1439)         The annexed notes 1 to 16 form an integral part of this condensed interim financial information. <td>Running finance under mark-up arrangements - secured</td> <td></td> <td>677,475</td> <td>1,045,6</td>   | Running finance under mark-up arrangements - secured         |                       | 677,475              | 1,045,6           |
| Interest and mark-up accrued<br>NET CURRENT LIABILITIES<br>NON CURRENT LIABILITIES<br>Term finance certificates - secured<br>Deferred taxation<br>Retirement benefits<br>Liabilities against assets subject to finance lease<br>Long term payables<br>Long term deposits<br>Contingencies and commitments<br>Contingencies and commitments<br>Contingencies and commitments<br>Contingencies and commitments<br>Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit<br>Surplus on revaluation<br>The annexed notes 1 to 16 form an integral part of this condensed interim financial information.<br>Integral part of this condensed interim financial information.  | Short term borrowings  | 11                    | 141,000              | -                 |
| NET CURRENT LIABILITIES7,982,4625,309,9NON CURRENT LIABILITIES(3,515,243)(1,167,86Term finance certificates - secured2,767,9223,364,8Deferred taxation162,978398,1Retirement benefits216,430175,9Labilities against assets subject to finance lease1,268,64344,1Long term payables43,35644,1Long term deposits10,651,10311,379,0REPRESENTED BY10,651,10311,379,0Share capital and reserves9,000,000 (31 December 2009: 900,000,000)9,000,000ordinary shares of Rs. 10 each9,000,0009,000,000Issued, subscribed and paid up capital8,605,7168,605,716Share premium8,605,7168,605,716Share premium336,664331,5Fair value reserve-available for sale financial assets10,314,439Accumulated profit10,314,43911,047,4Surplus on revaluation336,664331,5The annexed notes 1 to 16 form an integral part of this condensed interim financial information.11,379,0   | Trade and other payables                                     |                       | 4,606,520            | 2,239,1           |
| NET CURRENT LIABILITIES7,982,4625,309,9NON CURRENT LIABILITIES(3,515,243)(1,167,86Term finance certificates - secured2,767,9223,364,8Deferred taxation216,430175,9Retirement benefits18,80218,52Labilities against assets subject to finance lease1,268,64344,1Long term payables43,35644,1Long term deposits12-Contingencies and commitments12-REPRESENTED BY10,651,10311,379,0Share capital and reserves9,000,0009,000,000Authorized capital 900,000,000 (31 December 2009: 900,000,000)9,000,0009,000,000ordinary shares of Rs. 10 each9,000,0009,000,000Issued, subscribed and paid up capital8,605,7168,605,716Share premium8,605,7168,605,716Share premium336,664331,53Fair value reserve-available for sale financial assets10,314,439Accumulated profit10,314,43911,047,4Surplus on revaluation336,664331,5The annexed notes 1 to 16 form an integral part of this condensed interim financial information.11,379,0  | Interest and mark-up accrued                                 |                       | 308,555              | 166,6             |
| NON CURRENT LIABILITIESTerm finance certificates - securedDeferred taxationRetirement benefitsLiabilities against assets subject to finance leaseLong term payablesLong term depositsContingencies and commitments12 <b>REPRESENTED BY</b> Share capital and reservesAuthorized capital 900,000,000 (31 December 2009: 900,000,000)ordinary shares of Rs. 10 each9,000,000  | ·  |                       | 7,982,462            | 5,309,9           |
| Term finance certificates - secured         2,767,922         3,364,8           Deferred taxation         162,978         398,1           Retirement benefits         216,430         175,9           Labilities against assets subject to finance lease         1,268,643         44,1           Long term payables         43,356         44,1           Contingencies and commitments         12         -           Contingencies and commitments         12         -           REPRESENTED BY         11,379,0           Share capital and reserves         4,478,131         6,126,8           Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,000           ordinary shares of Rs. 10 each         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         8,605,716           Share premium         8,605,716         8,605,716           Fair value reserve-available for sale financial assets         (54,195)         (70,4)           Accumulated profit         10,314,439         11,047,4           Surplus on revaluation         336,664         331,5           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0  | NET CURRENT LIABILITIES                                      |                       | (3,515,243)          | (1,167,88         |
| Term finance certificates - secured         2,767,922         3,364,8           Deferred taxation         162,978         398,1           Retirement benefits         216,430         175,9           Labilities against assets subject to finance lease         1,268,643         44,1           Long term payables         43,356         44,1           Contingencies and commitments         12         -           Contingencies and commitments         12         -           REPRESENTED BY         11,379,0           Share capital and reserves         4,478,131         6,126,8           Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,000           ordinary shares of Rs. 10 each         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         8,605,716           Share premium         8,605,716         8,605,716           Fair value reserve-available for sale financial assets         (54,195)         (70,4)           Accumulated profit         10,314,439         11,047,4           Surplus on revaluation         336,664         331,5           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0  | NON CURBENT LIABILITIES                                      |                       |                      |                   |
| Deferred taxation162,978Retirement benefits216,430Liabilities against assets subject to finance lease1,802Long term payables1,268,643Long term deposits43,356Contingencies and commitments12Contingencies and commitments12REPRESENTED BY10,651,103Share capital and reservesAuthorized capital 900,000,000 (31 December 2009: 900,000,000)ordinary shares of Rs. 10 each9,000,000Issued, subscribed and paid up capitalShare premiumFair value reserve-available for sale financial assetsAccumulated profitSurplus on revaluationAutpoint336,664331,510,651,10311,379,0The annexed notes 1 to 16 form an integral part of this condensed interim financial information.  |  |                       | 2 767 022            | 2 264 9           |
| Retirement benefits216,430175,9Liabilities against assets subject to finance lease18,8021,85Long term payables1,268,6432,125,2Long term deposits4,3,35644,1Contingencies and commitments12-REPRESENTED BY10,651,10311,379,0Share capital and reserves10,651,10311,379,0Authorized capital 900,000,000 (31 December 2009: 900,000,000)9,000,0009,000,000ordinary shares of Rs. 10 each9,000,0009,000,000Issued, subscribed and paid up capital8,605,7168,605,716Share premium837,335(54,195)(70,4Share premium10,314,43911,047,4Surplus on revaluation336,664331,5The annexed notes 1 to 16 form an integral part of this condensed interim financial information.11,379,0  |  |                       |                      |                   |
| Liabilities against assets subject to finance lease<br>Long term payables<br>Long term payables<br>Long term deposits<br>Contingencies and commitments<br>Contingencies and commitments<br>Contingencies and commitments<br>Contingencies and commitments<br>12<br>10,651,103<br>11,379,0<br>REPRESENTED BY<br>Share capital and reserves<br>Authorized capital 900,000,000 (31 December 2009: 900,000,000)<br>ordinary shares of Rs. 10 each<br>Subscribed and paid up capital<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit<br>Surplus on revaluation<br>The annexed notes 1 to 16 form an integral part of this condensed interim financial information.   |  |                       |                      |                   |
| Long term payables         1,268,643         2,125,2           Long term deposits         43,356         44,1           Contingencies and commitments         12         4,478,131         6,126,8           Contingencies and commitments         12         10,651,103         11,379,0           REPRESENTED BY         10,651,103         11,379,0           Share capital and reserves         10,651,103         11,379,0           Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,00           ordinary shares of Rs. 10 each         9,000,000         9,000,00           Issued, subscribed and paid up capital         8,605,716         8,605,716           Share premium         837,335         (54,195)         2(70,4)           Accumulated profit         90,314,439         11,047,4         336,664         331,5           Surplus on revaluation         336,664         331,5         11,379,0           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0   |  |                       |                      |                   |
| Long term deposits         43,356         44,1           Contingencies and commitments         12         -         -           REPRESENTED BY         10,651,103         11,379,0           Share capital and reserves         10,651,103         11,379,0           Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,000           ordinary shares of Rs. 10 each         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         8,605,716           Share premium         8,605,716         8,605,716           Start value reserve-available for sale financial assets         (54,195)         (70,4           Accumulated profit         10,314,439         11,047,4           Surplus on revaluation         336,664         331,5           10,651,103         11,379,0           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         Normation   | - · ·  |                       |                      |                   |
| 4,478,131         6,126,8           Contingencies and commitments         12           10,651,103         11,379,0           REPRESENTED BY         10,651,103           Share capital and reserves         10,651,103           Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000           ordinary shares of Rs. 10 each         9,000,000           Issued, subscribed and paid up capital         8,605,716           Share premium         8,605,716           Fair value reserve-available for sale financial assets         (70,4           Accumulated profit         925,583           Surplus on revaluation         336,664           331,5         10,651,103           11,379,0         11,379,0  | • • • •  |                       | 1,268,643            | 2,125,2           |
| Contingencies and commitments         12           REPRESENTED BY         10,651,103         11,379,0           Share capital and reserves         10,651,103         11,379,0           Authorized capital 900,000,000 (31 December 2009: 900,000,000) ordinary shares of Rs. 10 each         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         88,605,716         88,73,335           Fair value reserve-available for sale financial assets         (70,4         1,674,9           Accumulated profit         910,314,439         11,047,4           Surplus on revaluation         336,664         331,5           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0   | Long term deposits   |                       |                      | 44,1              |
| Image: Network in the serves         Image: Network interves           Authorized capital and reserves         Authorized capital 900,000,000 (31 December 2009: 900,000,000) ordinary shares of Rs. 10 each         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         837,335         (70,4)           Share premium         837,335         (70,4)         11,079,0           Fair value reserve-available for sale financial assets         (70,4)         10,314,439         11,047,4           Surplus on revaluation         336,664         331,5         11,379,0           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         10,000,000         9,000,000   |  | 10                    | 4,478,131            | 6,126,8           |
| REPRESENTED BY         Share capital and reserves         Authorized capital 900,000,000 (31 December 2009: 900,000,000)         ordinary shares of Rs. 10 each         Issued, subscribed and paid up capital         Share premium         Fair value reserve-available for sale financial assets         Accumulated profit         Surplus on revaluation         The annexed notes 1 to 16 form an integral part of this condensed interim financial information.   | Contingencies and commitments                                | 12                    |                      | - 11 379 0        |
| Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,000         9,000,000           ordinary shares of Rs. 10 each         9,000,000         9,000,000         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         837,335         837,335         (70,4           Share premium         10,314,439         11,047,4         925,583         11,047,4           Surplus on revaluation         336,664         331,5         11,379,0  | REPRESENTED BY   |                       |                      | 11,070,0          |
| Authorized capital 900,000,000 (31 December 2009: 900,000,000)         9,000,000         9,000,000         9,000,000           ordinary shares of Rs. 10 each         9,000,000         9,000,000         9,000,000         9,000,000           Issued, subscribed and paid up capital         8,605,716         837,335         837,335         (70,4           Share premium         10,314,439         11,047,4         925,583         11,047,4           Surplus on revaluation         336,664         331,5         11,379,0  | Shave conited and recommen                                   |                       |                      |                   |
| ordinary shares of Rs. 10 each       9,000,000       9,000,000         Issued, subscribed and paid up capital       8,605,716       8,605,716         Share premium       837,335       (54,195)         Fair value reserve-available for sale financial assets       925,583       10,314,439         Accumulated profit       10,314,439       11,047,4         Surplus on revaluation       336,664       331,5         The annexed notes 1 to 16 form an integral part of this condensed interim financial information.       10   |  | 0000                  |                      |                   |
| Issued, subscribed and paid up capital<br>Share premium<br>Fair value reserve-available for sale financial assets<br>Accumulated profit<br>Surplus on revaluation<br>Surplus on revaluation<br>The annexed notes 1 to 16 form an integral part of this condensed interim financial information.  |  | ,000)                 | 0 000 000            | 0 000 0           |
| Share premium     837,335     837,335       Fair value reserve-available for sale financial assets     (70,4       Accumulated profit     925,583     10,314,439       Surplus on revaluation     336,664     331,5       The annexed notes 1 to 16 form an integral part of this condensed interim financial information.     11,379,0  | ordinary shares of As. To each                               |                       | 9,000,000            | 9,000,0           |
| Share premium     837,335     837,335       Fair value reserve-available for sale financial assets     (70,4       Accumulated profit     925,583     10,314,439       Surplus on revaluation     336,664     331,5       The annexed notes 1 to 16 form an integral part of this condensed interim financial information.     11,379,0  | Issued, subscribed and paid up capital                       |                       | 8,605,716            | 8,605,7           |
| Accumulated profit         925,583         1,674,9           Surplus on revaluation         10,314,439         11,047,4           336,664         331,5         10,651,103           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0   | Share premium  |                       | 837,335              | 837,3             |
| Accumulated profit         925,583         1,674,9           Surplus on revaluation         10,314,439         11,047,4           336,664         331,5         10,651,103           The annexed notes 1 to 16 form an integral part of this condensed interim financial information.         11,379,0   | Fair value reserve-available for sale financial assets       |                       | (54,195)             | (70,47            |
| Surplus on revaluation 336,664 331,5<br>10,651,103 11,379,0<br>The annexed notes 1 to 16 form an integral part of this condensed interim financial information.  | Accumulated profit   |                       | 925,583              | 1,674,9           |
| 10,651,103       11,379,0         The annexed notes 1 to 16 form an integral part of this condensed interim financial information.       10,651,103  |  |                       |                      | 11,047,4          |
| The annexed notes 1 to 16 form an integral part of this condensed interim financial information.   | Surplus on revaluation                                       |                       |                      |                   |
|  |  |                       |                      | 11,070,0          |
| Lahore Chief Executive Officer Director  | The annexed notes 1 to 16 form an integral part of this con- | densed interim financ | ial information.     |                   |
| Lahore Chief Executive Officer Director  | R-1-   | 1.5                   |                      | · · · · · ·       |
| Lanore Chief Executive Officer Director  |  |                       | (                    | Director          |
|  | Lanore Chief Exec  | unve Omcer            |                      | Director          |

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

Nine months anded Nine months anded Quarter anded Quarter anded

|  | Nine months ended<br>30 September<br>2010 | 30 September<br>2009 | Quarter ended<br>30 September<br>2010 | Quarter ended<br>30 September<br>2009 |
|--|---|----------------------|---------------------------------------|---------------------------------------|
|  |   | (Rupees in '(        | 000)                                  |                                       |
| Revenue -net                               | 5,975,512                                 | 6,044,698            | 1,553,632                             | 2,054,788                             |
| Direct cost                                | (5,125,842)                               | (5,045,828)          | (1,458,291)                           | (1,701,371)                           |
| Gross profit                               | 849,670                                   | 998,870              | 95,341                                | 353,417                               |
| Operating cost                             | (1,212,857)                               | (930,658)            | (376,718)                             | (337,349)                             |
| Operating (loss)/profit                    | (363,187)                                 | 68,212               | (281,377)                             | 16,068                                |
| Finance cost                               | (558,959)                                 | (328,698)            | (181,606)                             | (159,676)                             |
|  | (922,146)                                 | (260,486)            | (462,983)                             | (143,608)                             |
| Impairment loss on available for           |   |                      |                                       |                                       |
| sale financial assets                      | (65,894)                                  | (167,865)            | (9,457)                               | -                                     |
| Other operating income                     | 45,797                                    | 36,404               | 21,674                                | 3,179                                 |
| Other income / (expenses)                  | 515                                       | (30,335)             | 17,623                                | (23,275)                              |
| Loss before taxation                       | (941,728)                                 | (422,282)            | (433,143)                             | (163,704)                             |
| Taxation                                   | 197,498                                   | 76,009               | 99,499                                | 44,407                                |
| Loss after taxation                        | (744,230)                                 | (346,273)            | (333,644)                             | (119,297)                             |
| Loss per share - basic<br>& diluted (Rupee | s) (0.86)                                 | (0.40)               | (0.39)                                | (0.14)                                |

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

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

# Worldcall Telecom Limited

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|   | Nine months ended<br>30 September<br>2010 | Nine months ended<br>30 September<br>2009 | Quarter ended<br>30 September<br>2010 | Quarter ended<br>30 September<br>2009 |
|---|---|---|---------------------------------------|---------------------------------------|
|   |   | (Rupees in '                              | 000)                                  |                                       |
| Loss for the period   | (744,230)                                 | (346,273)                                 | (333,644)                             | (119,297)                             |
| Other comprehensive income/<br>(loss)-net of tax:           |   |   |                                       |                                       |
| Net change in fair value of available                       |   |   |                                       | ı (ı                                  |
| for sale financial assets<br>Impairment loss transferred to | (49,614)                                  | 39,528                                    | (26,231)                              | 230,648                               |
| profit and loss account                                     | 65,894                                    | 167,865                                   | 9,457                                 | -                                     |
|   | 16,280                                    | 207,393                                   | (16,774)                              | 230,648                               |
| Total comprehensive (loss)/                                 |   |   |                                       |                                       |
| income for the period                                       | (727,950)                                 | (138,880)                                 | (350,418)                             | 111,351                               |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|  | Note | Nine months ended<br>30 September<br>2010 | Nine months ended<br>30 September<br>2009 |
|--|------|---|---|
|  |      | (Rupees                                   | s in '000)                                |
| Cash flow from operating activities          |      |   |   |
| Cash generated from operations               | 13   | 2,380,612                                 | 1,215,713                                 |
| Decrease in long term deposits receivable    |      | 5,409                                     | 1,993                                     |
| Increase in long term trade receivable       |      | (46,805)                                  | -   |
| Decrease in long term deposits payable       |      | (804)                                     | (1,167)                                   |
| (Decrease)/increase in long term payables    |      | (239,879)                                 | 675,635                                   |
| Retirement benefits paid                     |      | (29,617)                                  | (45,396)                                  |
| Finance cost paid                            |      | (413,787)                                 | (449,906)                                 |
| Taxes paid                                   |      | (48,759)                                  | (24,792)                                  |
| Net cash generated from operating activities |      | 1,606,370                                 | 1,372,080                                 |

### Cash flow from investing activities

| Fixed capital expenditure                      | (999,772)   | (1,624,243) |
|--|-------------|-------------|
| Sale proceeds of property, plant and equipment | 21,201      | 15,183      |
| License fee paid                               | (113,500)   | -           |
| Net cash used in investing activities          | (1,092,071) | (1,609,060) |

### Cash flow from financing activities

| Repayment of long term finances                       | (37,494)  | (148,299) |
|---|-----------|-----------|
| Running finance- net                                  | (368,185) | 253,469   |
| Receipts from short term borrowings                   | 141,000   | -         |
| Repayment of term finance certificates                | (59,054)  | (59,055)  |
| Repayment of finance lease liabilities                | (53,034)  | (89,814)  |
| Net cash used in financing activities                 | (376,767) | (43,699)  |
|   |           |           |
| Net increase/(decrease) in cash and cash equivalents  | 137,532   | (280,679) |
| Cash and bank balances at the beginning of the period | 336,480   | 564,188   |
| Cash and bank balances at the end of the period       | 474,012   | 283,509   |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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# Worldcall Telecom Limited

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

# FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|   | Share<br>capital | Share<br>premium | Fair value<br>reserve-<br>available for<br>sale assets<br>(Rup | Accumulated<br>profit/<br>(loss)<br>ees in '000) | Revaluation<br>reserve       | Total                       |
|---|------------------|------------------|--|--|------------------------------|-----------------------------|
| Balance as at 31 December 2008  | 8,605,716        | 837,335          | (230,713)  | 2,172,537  | 324,759                      | 11,709,634                  |
| Total comprehensive income/(loss)<br>for the period<br>Transfer to surplus on revaluation                       | -                | -                | 207,393  | (346,273)<br>(5,118)                             | -<br>5,118                   | (138,880)<br>-              |
| Balance as at 30 September 2009   | 8,605,716        | 837,335          | (23,320)   | 1,821,146  | 329,877                      | 11,570,754                  |
| Total comprehensive loss for the period<br>Transfer to surplus on revaluation<br>Balance as at 31 December 2009 | - 8,605,716      | 837,335          | (47,155)<br>-<br><b>(70,475)</b>                               | (144,546)<br>(1,697)<br><b>1,674,903</b>         | -<br>1,697<br><b>331,574</b> | (191,701)<br><br>11,379,053 |
| Total comprehensive income/(loss)<br>for the period<br>Transfer to surplus on revaluation                       | -                | -                | 16,280<br>-  | (744,230)<br>(5,090)                             | -<br>5,090                   | (727,950)<br>-              |
| Balance as at 30 September 2010   | 8,605,716        | 837,335          | (54,195)   | 925,583  | 336,664                      | 10,651,103                  |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

# FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

### 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 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").

### 2 Accounting convention and basis of preparation

This condensed interim financial information has been presented in condensed form in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan and is unaudited. 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 financial statements of the Company for the year ended 31 December 2009. Further, this condensed interim financial information is being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

### 3 Statement of Compliance

This condensed interim financial information of the company for the nine months ended 30 September 2010 has been prepared in accordance with the requirement of the "International Accounting Standard 34 - Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

### 4 Significant accounting judgements and estimates

The preparation of condensed interim financial information is 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 and 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 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 2009.

### 5 Accounting policies

Accounting polices and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2009 and stated therein, except for the following:

# Worldcall Telecom Limited

5.1 A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale or a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation has been discontinued from the start of the comparative period.

6

7

|  | Note | 30 September<br>2010 | 31 December<br>2009 |
|--|------|----------------------|---------------------|
| Burnet Black of Friday 1               |      | (Rupees              | in '000)            |
| Property, Plant and Equipment          |      |                      |                     |
| Owned and leased assets:               |      |                      |                     |
| Opening net book value                 |      | 12,110,704           | 9,901,500           |
| Additions during the period/year       | 6.1  | 1,835,579            | 3,408,726           |
| Disposals during the period/year - NBV | 6.2  | 13,946,283           | 13,310,226          |
| Transferred to investment properties   | 0.2  | (29,698)<br>(5,760)  | (13,687)            |
| Adjustment during the period/year      |      | (17,706)             | _                   |
| Depreciation for the period/year       |      | (1,041,382)          | (1,185,835)         |
| Closing net book value                 |      | 12,851,737           | 12,110,704          |
| -                                      |      |                      |                     |
| 6.1 Break-up of additions              |      |                      |                     |
| Freehold land                          |      | 5,760                | -                   |
| Leasehold improvements                 |      | 928                  | 11,570              |
| Plant and equipment                    |      | 1,802,937            | 3,369,710           |
| Office equipment                       |      | 6,258                | 6,617               |
| Computers                              |      | 6,694                | 10,455              |
| Furniture and fixtures                 |      | 520                  | 6,202               |
| Vehicles                               |      | 9,317                | 3,910               |
| Lab and other equipment                |      | 3,165<br>1,835,579   | 262                 |
| 6.2 Break-up of disposals              |      | 1,835,579            | 3,408,726           |
| Leasehold improvements                 |      | (41)                 | (1,062)             |
| Plant and equipment                    |      | (27,477)             | (7,895)             |
| Office equipment                       |      | (1,025)              | (348)               |
| Computers                              |      | -                    | (179)               |
| Furniture and fixtures                 |      | (217)                | (26)                |
| Vehicles                               |      | (938)                | (4,177)             |
|  |      | (29,698)             | (13,687)            |
| Intangible assets- NBV                 |      |                      |                     |
| Licenses                               |      | 2,091,134            | 2,209,794           |
| Patents and copyrights                 |      | 1,126                | 1,727               |
| Software                               |      | 900                  | 2,250               |
| Goodwill                               | 7.1  | 2,553,494            | 2,553,494           |
|  |      | 4,646,654            | 4,767,265           |

7.1 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 at 30 September 2010 and determined that no impairment of Goodwill was found. The recoverable amount was calculated on the basis of five year financial business plan which includes debt financing. The debt financing assumption is substantially covered through commitment for the arrangement of financing available with the Company.

The business plan 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.

|   |                               | 30 September | 31 December |
|---|-------------------------------|--------------|-------------|
|   |                               | 2010         | 2009        |
|   |                               | (Rupees      | in '000)    |
| 8 | Investment properties         |              |             |
|   | Opening balance               | 76,162       | 76,162      |
|   | Addition during the period    | 6,600        | -           |
|   | Transferred from owned assets | 5,760        | -           |
|   | Closing balance               | 88,522       | 76,162      |

Investment property comprises of land and commercial property situated in Karachi, Pakistan.

The carrying value of commercial property was the fair value of the property as determined by approved independent valuer M/s PEE DEE & Associates. Fair value was determined giving due regard to recent market transactions for similar properties in the same location and condition as the Company's investment property as at 31 December 2009.

During the period the Company acquired land under the arrangement of barter transaction with Legend World Advertising against the advertisement services. The carrying value was the fair value of investment property at date of acquisition and there is no significant change in fair value as at 30 September 2010.

| 30 September | 31 December |
|--------------|-------------|
| 2010         | 2009        |
| (Rupees      | in '000)    |

Long term investment - classified as held for sale 9

Foreign subsidiary - Unquoted

### Worldcall Telecommunications Lanka (Pvt) Limited Incorporated in Sri Lanka

7,221,740 (31 December 2009: 7,221,740) ordinary shares of Sri Lankan Rupees 10/-each. Equity held 70.65% (01 December 0000, 70 (50/)

| (31 December 2009: 70.65%)     | 44,406           | 44,406           |
|--------------------------------|------------------|------------------|
| Share deposit money            | 13,671<br>58,077 | 13,671<br>58,077 |
| Less: Provision for impairment | (58,077)         | (58,077)         |
|                                |                  |                  |

# Worldcall Telecom Limited

9.1 The Company's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited has been suffering losses since 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 has decided and approved the winding up of the subsidiary. Long term investment in subsidiary has now been classified as discontinued operations.

### 10 Long term trade receivable

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 over a period of three years.

### Short term borrowings 11

This represents a bridge finance facility of Rs. 200 million obtained from Habib Bank Limited to retire the Letter of Credit. This carries mark up at 3 months KIBOR plus 3% per annum. The bridge finance facility will be settled on or before 28th February 2011. This facility is secured by registered charge on current and fixed assets.

### 12 Contingencies and commitments

Contingencies

- 12.1 Billing disputes with PTCL
- 12.1.1 There is a dispute of Rs. 71.79 million (31 Dec 2009: Rs 70.23 million) with PTCL of non revenue time of prepaid calling cards and Rs. 24.93 million (31 Dec 2009: Rs 29.3 million) for excess minutes billed on account of interconnect and settlement charges. The management is hopeful that matter will be decided in favour of the company.
- 12.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits (DPLC) and other media charges amounting to Rs. 175.57 million (31 Dec 2009: Rs.153.54 million) on account of difference in rates, distances and date of activation. Further, the Company has also deposited Rs. 40 million (31 Dec 2009: 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 management is hopeful that matter will be decided in favour of the Company.

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

- 12.2.1 PTA has raised a demand on the Company of Rs. 10.6 million (31 Dec 2009: Rs. 10.6 million) on account of annual microwave and BTS registration charges. The Company disputed this amount on the grounds that the same are illegal and discriminatory. PTA issued a Show Cause Notice dated 26 June 2009 which culminated into a determination dated 22 February 2010 against the Company. The Company has filed an appeal bearing F.A.O.147/2010 against the said determination before the Honourable Lahore High Court Lahore; the same is pending adjudication. Based on legal advice, the Company has a very good case and there is every likelihood of success.
- 12.2.2 PTA has issued a notice to the Company for the cancellation of the 479 MHz and 3.5 GHz frequency bands licenses, as the Company has failed to undertake the rollout of its wireless local loop ("WLL") network in the aforesaid frequencies within the time limit prescribed by PTA. The Authority has right to withdraw unused frequency spectrum and cancel the license for not meeting the said roll out requirement. The Company's stance in this respect is that the rollout in 479 MHz, a non standard frequency band, could not be carried out due to non availability of infrastructure and user terminals. Its deployment and commercial operation is not possible in the limited revised time frame. In 3.5 GHz band, the roll out is delayed due to limited

customers' market and high cost of the Customer Premises Equipment. Non-firm standards, technology evolution and optimization of spectrum by PTA are also the main reasons for its delayed rollout. However, the Company has started its roll out plan and is successful in getting commencement certificate in GTR and KTR regions for 3.5 GHz frequency and 479 MHz frequency respectively.

In addition to above commencement inspection has been done for 3.5 GHz frequency for the following regions: RTR, CTR, MTR, STR-I, and STR-V while for 479 MHz frequency commencement inspection has been conducted for the following regions: RTR, GTR, FTR, MTR, STR-I and STR-V. The management is hopeful that the matter will be decided in favour of the Company and notice will be withdrawn.

12.2.3 There is a dispute of Rs. 11.3 million (31 Dec 2009: Rs. 11.3 million) with PTA on account of contribution to the Research and Development Fund ("R&D Fund") for the period prior to the valid formation of R&D Fund by the Federal Government. PTA issued a Show Cause Notice dated 26 June 2009 which culminated into a determination dated 22 February 2010 against the Company. The Company has filed an appeal bearing F.A.O.147/2010 against the said determination before the Honourable Lahore High Court; the same is pending adjudication.

Validity of this fund is under question before the Honorable Supreme Court of Pakistan in a petition filed by another operator. The Honorable Supreme Court is yet to decide the fate of this fund. Any payment towards this fund shall be refundable in case of favorable decision of the Honorable Supreme Court. Based on legal advice, the Company is hopeful that there will be a favorable decision by the Honourable Supreme Court.

12.2.4 There is a dispute of Rs. 491 million (31 Dec 2009: Rs. 491 million) with PTA on Access Promotion Contribution (APC) for Universal Service Fund (USF) representing contribution for the period prior to the valid formation of USF fund by the Federal Government. A Show cause notice was issued by the PTA which culminated into determination dated 04 April 2008 against the Company. The Company filed an appeal in Honourable Islamabad High Court Islamabad and the Honourable Court was pleased to dismiss the appeal vide judgment dated 21st January 2009. The Company then filed a Civil Petition for Leave to Appeal (CPLA) before the Honourable Supreme Court of Pakistan against the judgment of the Honourable Islamabad High Court. The Honourable Supreme Court has heard the preliminary arguments in presence of the Respondents in various hearings. Lastly, this case was fixed on 8 February 2010 however the same got adjourned on the written request of the Respondents. The office of Honourable Supreme Court is yet to fix the next date of hearing. Based on legal advice, the Company is hopeful that the matter will be decided in favour of the Company.

### 12.3 Taxation issues

- 12.3.1 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 Company filed an appeal before the Commissioner of Income Tax (Appeals). The Commany has filed appeal in Income Tax Appellate Tribunal Lahore against the order of Commissioner of Income Tax (Appeals). The management is hopeful that the matter will be decided in favour of the Company.
- 12.3.2 Taxation Officer passed an order in 2007 under section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2004 and 2005 on account of sales of Payphone services and calling cards creating a tax demand of Rs. 173 million by treating the Company as an assessee in default for non-deduction of tax under section 236 of the Income Tax Ordinance, 2001. A penalty of Rs. 8.67 million was also imposed for non payment of the demand mentioned above. The Company filed an appeal against this order before Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) dismissed the appeal of the Company and subsequently the Company filed an appeal in Income Tax Appellate Tribunal ("ITAT"),

# Worldcall Telecom Limited

Lahore against the order of Commissioner of Income Tax (Appeals). ITAT, Lahore decided the case in favour of the Company and resultantly the demand of Rs 181.67 million was reversed. The department has now filed reference in the Honourable Lahore High Court against the decision of ITAT, Lahore on 08 September 2008 which is pending adjudication.

- 12.3.3 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. 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 management is hopeful that matter will be decided in favour of the Company.
- 12.3.4 In year 2006, Sales Tax refunds were applied for and granted to the Company under Section 66 of the Sales Tax Act 1990 on the basis of a letter issued by the Federal Board of Revenue (FBR) bearing No.1(17)CEB/96 dated 24 December 2004. Subsequently, in 2006, the FBR sent out another letter stating that the earlier clarification was prospective and did not apply to those instances of excise duty which had already been levied and collected since those were past and closed transactions.

Following this change in stance by the FBR, a Show Cause Notice was sent to the Company, including various other payphone companies and proceedings were initiated, culminating in the decision of the Customs, Federal Excise and Sales Tax Appellate Tribunal (CESTAT) dated 15 October 2009 in which it was held that though no tax fraud was apparent and neither penalties were appropriate, however, the disputed refund should be recovered from the Company (that is Rs.167 million). A reference has now been filed by the Company against the CESTAT decision before the Honourable Lahore High Court bearing Reference Application No.74 of 2009. An injunction currently holds the field which precludes recovery of the disputed refund. Most recently, the Appellate Tribunal Inland Revenue vide its judgment dated 09 April 2010 has allowed the appeals of other pay phone companies in result whereof entire demand of refund as well as additional tax and penalty has been set aside.

The Company has paid 20% of principal amount to date to the department against the said dispute. Based on legal advice and recent decision of the Tribunal in other similar cases, the management is hopeful that matter will be decided in favour of the Company.

30 September

31 December

|  | 30 September | 51 December |
|--|--------------|-------------|
|  | 2010         | 2009        |
|  | (Rupees      | s in '000)  |
| Commitments  |              |             |
| 12.4 Outstanding guarantees                        | 1,020,268    | 799,755     |
| 12.5 Commitments in respect of capital expenditure | 549,439      | 647,197     |
| 12.6 Outstanding letters of credit                 |              | 12,870      |

| 13 | Cash generated from operations                         | Nine months ended<br>30 September<br>2010<br>(Rupee: |            |
|----|--|--|------------|
|    | Loss before taxation                                   | (941,728)  | (422,282)  |
|    | Adjustments for:                                       | (• , • )   | (-==,====, |
|    | Depreciation   | 1,041,382  | 852,453    |
|    | Amortization of intangible assets                      | 75,247   | 75,247     |
|    | Interest on PTA license fee                            | 34,219   | 94,977     |
|    | Amortization of transaction cost                       | 8,455  | 7,579      |
|    | Amortization cost of receivables                       | 18,437   | -          |
|    | Provision for doubtful receivables                     | 110,749  | 45,922     |
|    | Provision for stores and spares                        | 14,700   | -          |
|    | Impairment loss on available for sale financial assets | 65,894   | 167,865    |
|    | Gain on disposal of property, plant and equipment      | (13,851)   | (6,841)    |
|    | Retirement benefits                                    | 70,105   | 48,520     |
|    | Finance cost   | 516,285  | 226,142    |
|    | Profit before working capital changes                  | 999,894  | 1,089,582  |
|    |  |  |            |

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

(Increase)/Decrease in the current assets

| Stores and spares                          | 97,429    | 19,502    |
|--|-----------|-----------|
| Stock in trade                             | (13,882)  | (30,657)  |
|  |           |           |
| Trade debts                                | (507,624) | (943,122) |
| Loans and advances                         | 63,331    | (53,943)  |
| Deposits and prepayments                   | 1,000     | (34,311)  |
| Other receivables                          | (10,237)  | 172,296   |
| Increase/(Decrease) in current liabilities |           |           |
| Trade and other payables                   | 1,750,701 | 996,366   |
|  | 1,380,718 | 126,131   |
|  | 2,380,612 | 1,215,713 |

### 14 Related party transactions

The related parties comprise of shareholders, parent company, foreign subsidiary, 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 summarised as follows:

|   |                                  |                                      | Nine months ended | Nine monuns ended |
|---|----------------------------------|--------------------------------------|-------------------|-------------------|
|   |                                  |                                      | 30 September      | 30 September      |
|   |                                  |                                      | 2010              | 2009              |
|   |                                  |                                      | (Rupees           | s in '000)        |
|   | Relationship with the<br>Company | Nature of transactions               |                   |                   |
|   | company                          |                                      |                   |                   |
| 1 | Parent Company                   | Purchase of goods and services       | 412,524           | 469,422           |
|   |                                  | Sale of goods and services           | 304,928           | 233,451           |
| 2 | Other related parties            | Purchase of goods and services       | 21,901            | 25,131            |
|   |                                  | Sale of goods and services           | 252               | 8,405             |
|   |                                  | Interest on loan                     | 1,698             | 3,889             |
|   |                                  | Provision for doubtful debts         | 54,648            | -                 |
| 3 | Key management<br>personnel      | Salaries and other employee benefits | s <b>209,203</b>  | 183,262           |

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

# Worldcall Telecom Limited

|   | 30 September<br>2010<br>(Rupees | 31 December<br>2009<br>s in '000) |
|---|---------------------------------|-----------------------------------|
| Period end balances   |                                 |                                   |
| Receivable from related parties<br>Payable to related parties | 304,990<br>1,050,917            | 378,012<br>618,145                |
| These are in normal course of business and are interest free. |                                 |                                   |

### 15 Date of authorization for issue

This condensed interim financial information was authorized for issue on 28 October 2010 by the Board of Directors of the Company.

### 16 General

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- 16.1 Figures have been rounded off to the nearest thousand of rupee.
- **16.2** Corresponding figures have been re-arranged wherever necessary for the purpose of comparison. Material rearrangement is summarized below:
  - Advances to suppliers amounting to Rs. 120 million previously grouped in loans and advances have now been grouped in capital work in progress.

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# WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED

**30 SEPTEMBER 2010** 

# Worldcall Telecom Limited Group

## **DIRECTORS' REVIEW**

The Directors of Worldcall Telecom Limited ("WTL or the "Parent Company") are pleased to present the un-audited condensed consolidated financial information of the Group for the third quarter and nine months ended 30 September 2010.

### **Group Foreign Subsidiary**

Worldcall Telecommunications Lanka (Pvt.) Limited (WTCL)

Winding up of the subsidiary is in process as approved in the last 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

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Babar Ali Syed Chief Executive Officer

28 October 2010

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### CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2010

|  | Note | 30 September<br>2010<br>(Rupees i | 31 December<br>2009      |
|--|------|-----------------------------------|--------------------------|
| NON CURRENT ASSETS   |      | (110662)                          |                          |
| Tangible fixed assets  |      |                                   |                          |
| Property, plant and equipment  | 7    | 12,851,737                        | 12,110,704               |
| Capital work-in-progress   |      | 947,367                           | 1,650,854                |
|  |      | 13,799,104                        | 13,761,558               |
| Intangible assets  | 8    | 4,646,654                         | 4,767,265                |
| Investment properties  | 9    | 88,522                            | 76,162                   |
| Long term trade receivable   | 10   | 46,805                            | -                        |
| Long term deposits   | _    | 63,392                            | 68,801                   |
| CURRENT ASSETS   |      | 18,644,477                        | 18,673,786               |
| CURRENT ASSETS<br>Stores and spares  |      | 205,485                           | 317,614                  |
| Stock in trade   |      | 195,987                           | 182,105                  |
| Trade debts  |      | 2,495,182                         | 2,116,744                |
| Loans and advances - considered good   |      | 406,459                           | 469,790                  |
| Deposits and prepayments   |      | 180,918                           | 181,918                  |
| Other receivables  |      | 26,127                            | 15,890                   |
| Short term investments-available for sale  |      | 328,825                           | 378,439                  |
| Income tax recoverable-net   |      | 154,224                           | 143,104                  |
| Cash and bank balances   |      | 474,012                           | 335,579                  |
|  |      | 4,467,219                         | 4,141,183                |
| Non current assets classified as held for sale   | 11   | 276                               |                          |
| CURRENT LIABILITIES  |      | 4,467,495                         | 4,141,183                |
| Current maturities of non-current liabilities  |      | 2,248,912                         | 1,858,591                |
| Running finance under mark-up arrangements - secured   |      | 677,475                           | 1,045,660                |
| Short term borrowings  | 12   | 141,000                           | -                        |
| Trade and other payables   |      | 4,598,403                         | 2,238,208                |
| Interest and mark-up accrued   |      | 308,555                           | 166,605                  |
|  |      | 7,974,345                         | 5,309,064                |
| Non current assets classified as held for sale   | 11   | 17,951                            | -                        |
| NET CURRENT LIABILITIES  | l    | 7,992,296 (3,524,801)             | 5,309,064<br>(1,167,881) |
| Ref oonnekt Eizbiernes   |      | (0,024,001)                       | (1,107,001)              |
| NON CURRENT LIABILITIES  | ,    | r                                 |                          |
| Term finance certificates - secured  |      | 2,767,922                         | 3,364,861                |
| Deferred taxation  |      | 162,978                           | 398,122                  |
| Retirement benefits  |      | 216,430                           | 175,942                  |
| Liabilities against assets subject to finance lease<br>Long term payables                      |      | 18,802<br>1,268,643               | 18,542<br>2,125,220      |
| Long term deposits   |      | 43,356                            | 44,160                   |
|  | l    | 4,478,131                         | 6,126,847                |
| Contingencies and commitments  | 13   |                                   |                          |
| REPRESENTED BY   | :    | 10,641,545                        | 11,379,058               |
| Share capital and reserves   |      |                                   |                          |
| Authorized capital 900,000,000 (31 December 2009: 900,000,000)                                 |      |                                   |                          |
| ordinary shares of Rs. 10 each   |      | 9,000,000                         | 9,000,000                |
|  |      |                                   |                          |
| Issued, subscribed and paid up capital   |      | 8,605,716                         | 8,605,716                |
| Share premium  |      | 837,335                           | 837,335                  |
| Fair value reserve-available for sale financial assets   |      | (54,195)                          | (70,475)                 |
| Exchange translation reserve   |      | (4,771)                           | (2,940)                  |
| Accumulated profit   | l    | 923,603                           | 1,677,848                |
| Capital and reserves attributable to equity holders of the Company<br>Non controlling interest |      | 10,307,688<br>(2,807)             | 11,047,484               |
|  |      | 10,304,881                        | 11,047,484               |
| Surplus on revaluation   |      | 336,664                           | 331,574                  |
|  |      | 10,641,545                        | 11,379,058               |
|  | :    |                                   |                          |

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

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Worldcall Telecom Limited Group

# CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|   | N<br>Note | ine months ended<br>30 September<br>2010 | Nine months ended<br>30 September<br>2009 | 30 September<br>2010 | Quarter ended<br>30 September<br>2009 |
|---|-----------|--|---|----------------------|---------------------------------------|
|   |           |  | (Rupees in '0                             | 000)                 |                                       |
| Continuing Operations                     |           |  |   |                      |                                       |
| Revenue -net                              |           | 5,975,512                                | 6,044,698                                 | 1,553,632            | 2,054,788                             |
| Direct cost                               |           | (5,125,842)                              | (5,045,828)                               | (1,458,291)          | (1,701,371)                           |
| Gross profit                              |           | 849,670                                  | 998,870                                   | 95,341               | 353,417                               |
| Operating cost                            |           | (1,212,857)                              | (930,658)                                 | (376,718)            | (337,349)                             |
| Operating (loss)/profit                   |           | (363,187)                                | 68,212                                    | (281,377)            | 16,068                                |
| Finance cost                              |           | (558,959)                                | (328,698)                                 | (181,606)            | (159,676)                             |
|   |           | (922,146)                                | (260,486)                                 | (462,983)            | (143,608)                             |
| Impairment loss on availab                | le for    | (25.00.1)                                | (107.005)                                 | (0.457)              |                                       |
| sale financial assets                     |           | (65,894)                                 | (167,865)                                 | (9,457)              | -                                     |
| Other operating income                    |           | 45,797                                   | 36,404                                    | 21,674               | 3,179                                 |
| Other income / (expenses)                 |           | 515                                      | (30,335)                                  | 17,623               | (23,275)                              |
| Loss before taxation                      |           | (941,728)                                | (422,282)                                 | (433,143)            |                                       |
| Taxation<br>Loss after taxation from      |           | 197,498                                  | 76,009                                    | 99,499               | 44,407                                |
| continuing operations                     |           | (744,230)                                | (346,273)                                 | (333,644)            | (119,297)                             |
| Discontinued operations                   |           |  |   |                      |                                       |
| Loss for the period from                  |           |  |   |                      |                                       |
| discontinued operations                   | 11        | (6,971)                                  | (6,191)                                   | (1,102)              | (1,864)                               |
|   |           | (751,201)                                | (352,464)                                 | (334,746)            | (121,161)                             |
| Attributable to:                          |           |  |   |                      |                                       |
| Equity holders of pare                    | ent       | (749,155)                                | (350,647)                                 | (334,423)            | (120,614)                             |
| Non controlling intere                    | est       | (2,046)                                  | (1,817)                                   | (323)                | (547)                                 |
|   |           | (751,201)                                | (352,464)                                 | (334,746)            | (121,161)                             |
| Loss per share                            | (Rupees)  | (0.86)                                   | (0.40)                                    | (0.39)               | (0.14)                                |
|   |           |  |   |                      |                                       |
| Loss per share -<br>continuing operations | (Rupees)  | (0.86)                                   | (0.40)                                    | (0.39)               | (0.14)                                |
|   |           |  |   |                      |                                       |

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

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

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Babanchil Chief Executive Officer

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# CONDENSED CONSOLIDATED INTERIM STATEMENT OF **COMPREHENSIVE INCOME (UN-AUDITED)** FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|  | Nine months ended<br>30 September<br>2010 | Nine months ended<br>30 September<br>2009 | Quarter ended<br>30 September<br>2010  | Quarter ended<br>30 September<br>2009 |
|--|---|---|--|---------------------------------------|
|  |   | (Rupees ii                                | יייייייייייייייייייייייייייייייייייייי |                                       |
|  |   |   |  |                                       |
| Loss for the period  | (751,201)                                 | (352,464)                                 | (334,746)                              | (121,161)                             |
| Other comprehensive income/<br>(loss)-net of tax:                  |   |   |  |                                       |
| Exchange differences on translating                                |   |   |  |                                       |
| foreign operations   | (2,592)                                   | (812)                                     | (1,352)                                | (465)                                 |
| Net change in fair value of available<br>for sale financial assets | (40.614)                                  | 40.075                                    | (06.001)                               | 000.640                               |
| Impairment loss transferred to                                     | (49,614)                                  | 40,075                                    | (26,231)                               | 230,648                               |
| profit and loss account  | 65,894                                    | 167,865                                   | 9,457                                  | -                                     |
|  | 13,688                                    | 207,128                                   | (18,126)                               | 230,183                               |
| Total comprehensive (loss)/income                                  |   |   |  |                                       |
| for the period   | (737,513)                                 | (145,336)                                 | (352,872)                              | 109,022                               |
| Attributable to:   |   |   |  |                                       |
| Equity holders of the parent                                       | (734,706)                                 | (143,281)                                 | (352,152)                              | 109,705                               |
| Non controlling interest   | (2,807)                                   | (2,055)                                   | (720)                                  | (683)                                 |
|  | (737,513)                                 | (145,336)                                 | (352,872)                              | 109,022                               |
|  |   |   |  |                                       |

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

Worldcall Telecom Limited Group

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|  | Ni<br>Note | ne months ended<br>30 September<br>2010 | Nine months ende<br>30 September<br>2009 |
|--|------------|---|--|
| Cash flow from operating activities          |            | (Rupees                                 | in '000)                                 |
| Cash generated from operations               | 14         | 2,382,923                               | 1,216,724                                |
| Decrease in long term deposits receivable    |            | 5,409                                   | 1,993                                    |
| Increase in long term trade receivable       |            | (46,805)                                | -  |
| Decrease in long term deposits payable       |            | (804)                                   | (1,128)                                  |
| (Decrease)/increase in long term payables    |            | (239,879)                               | 675,635                                  |
| Retirement benefits paid                     |            | (29,617)                                | (45,381)                                 |
| Finance cost paid                            |            | (416,259)                               | (450,119)                                |
| Taxes paid                                   |            | (48,759)                                | (24,791)                                 |
| Net cash generated from operating activities |            | 1,606,209                               | 1,372,933                                |

Cash flow from investing activities

| Fixed capital expenditure                      | (999,772)   | (1,625,405) |
|--|-------------|-------------|
| Sale proceeds of property, plant and equipment | 21,201      | 15,183      |
| License fee paid                               | (113,500)   | -           |
| Net cash used in investing activities          | (1,092,071) | (1,610,222) |

### Cash flow from financing activities

| Repayment of long term finances                       | (37,494)         | (148,299) |
|---|------------------|-----------|
| Running finance- net                                  | (368,185)        | 253,469   |
| Receipts from short term borrowings                   | 141,000          | -         |
| Repayment of term finance certificates                | (59,054)         | (59,055)  |
| Repayment of finance lease liabilities                | (53,034)         | (89,814)  |
| Net cash used in financing activities                 | (376,767)        | (43,699)  |
|   |                  |           |
| Net increase/(decrease) in cash and cash equivalents  | 137,371          | (280,988) |
| Cash and bank balances at the beginning of the period | 335,579          | 564,627   |
| Cash and bank balances at the end of the period 1     | 5 <b>472,950</b> | 283,639   |

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

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Chief Executive Officer

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# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

|  |                  |                  | ain no voor of                                      | Curve on our                       | Accumulated       |                        |              |                             |            |
|--|------------------|------------------|---|------------------------------------|-------------------|------------------------|--------------|-----------------------------|------------|
|  | Share<br>capital | Share<br>premium | rair value reserve-<br>available<br>for sale assets | currency<br>translation<br>reserve | profit/<br>(loss) | Revaluation<br>reserve | Sub<br>Total | Non-controlling<br>Interest | Total      |
|  |                  |                  |   | (Bupees in '000)                   | (000              |                        |              |                             |            |
| Balance as at 31 December 2008                                 | 8,605,716        | 837,335          | (230,713)   | (1,308)                            | 2,159,091         | 324,759                | 11,694,880   |                             | 11,694,880 |
| Total comprehensive income/(loss) for the period               |                  |                  | 207,940   | (574)                              | (350,647)         |                        | (143,281)    | (2,055)                     | (145,336)  |
| Transfer from fair value reserve                               |                  |                  | (547)   |                                    | 547               |                        |              |                             | •          |
| Transfer to surplus on revaluation                             |                  |                  |   |                                    | (5,118)           | 5,118                  |              |                             | •          |
| Non controlling interest transferred to majority share holders |                  |                  |   |                                    | (2,055)           |                        | (2,055)      | 2,055                       |            |
| Balance as at 30 September 2009                                | 8,605,716        | 837,335          | (23,320)  | (1,882)                            | 1,801,818         | 329,877                | 11,549,544   | .                           | 11,549,544 |
| Transfer to surplus on revaluation                             |                  |                  |   |                                    | (1,697)           | 1,697                  | •            |                             | •          |
| Total comprehensive loss for the period                        |                  |                  | (47,155)  | (1,058)                            | (113,244)         |                        | (161,457)    | (9,029)                     | (170,486)  |
| Non controlling interest transferred to majority share holders |                  |                  |   |                                    | (9,029)           |                        | (9,029)      | 9,029                       | •          |
| Balance as at 31 December 2009                                 | 8,605,716        | 837,335          | (70,475)  | (2,940)                            | 1,677,848         | 331,574                | 11,379,058   | •                           | 11,379,058 |
| Total comprehensive income/(loss) for the period               |                  |                  | 16,280  | (1,831)                            | (749,155)         |                        | (734,706)    | (2,807)                     | (737,513)  |
| Transfer to surplus on revaluation                             |                  |                  |   |                                    | (5,090)           | 5,090                  |              |                             |            |
| Balance as at 30 September 2010                                | 8,605,716        | 837,335          | (54,195)  | (4,771)                            | 923,603           | 336,664                | 10,644,352   | (2,807)                     | 10,641,545 |

Worldcall Telecom Limited Group

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Lahore

# Worldcall Telecom Limited Group

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

### 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 guoted on 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").

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. The Subsidiary has accumulated losses of Rs. 158.9 million as at balance sheet date and its current liabilities exceed its current assets by Rs. 61.5 million. The net loss for the current period after tax is Rs. 6.9 million. In the current period, the assets, liabilities and operations of the subsidiary have been classified as those representing discontinued operations. The comparative profit and loss account has also been re-presented to reflect the change in the classification.

### 2 Basis of 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 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 Subsidiary attributable to interest which are not owned by the Group. Non controlling interest is presented separately in the consolidated financial information.

### 3 Accounting convention and basis of preparation

This condensed consolidated interim financial information has been presented in condensed form in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan. This condensed consolidated interim financial information does not include all the information and disclosure 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 2009. Further, this condensed consolidated interim financial Information is being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

### 4 Statement of Compliance

This condensed interim financial information of the company for the nine months ended 30 September 2010 has been prepared in accordance with the requirement of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

### 5 Significant accounting judgements and estimates

The preparation of condensed consolidated interim 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 and 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 consolidated interim 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 2009.

### 6 Accounting policies

Accounting polices and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year 31 December 2009 and stated therein, except for the following:

**6.1** A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale or a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation has been discontinued from the start of the comparative period.

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|  | Note       | 30 September<br>2010<br>(Rupees   | 31 December<br>2009<br>in '000)   |
|--|------------|---|---|
| Property, Plant and Equipment  |            |   |   |
| Owned and leased assets:   |            |   |   |
| Opening net book value<br>Exchange adjustment<br>Impairment  |            | 12,110,704<br>-   | 9,923,940<br>1,108<br>(20,028)  |
| Additions during the period/year   | 7.1        | 1,835,579   | 3,408,726   |
| Disposals during the period/year - NBV<br>Transferred to investment properties<br>Adjustment during the period/year<br>Depreciation for the period/year<br>Exchange adjustment on depreciation | 7.2        | (29,698)<br>(5,760)<br>(17,706)<br>(1,041,382)<br>-                               | (13,687)<br>(1,188,792)<br>(563)  |
| Closing net book value   |            | 12,851,737  | 12,110,704  |
| 7.1 Break-up of additions  |            |   |   |
| Freehold land<br>Leasehold improvements<br>Plant and equipment<br>Office equipment<br>Computers<br>Furniture and fixtures<br>Vehicles<br>Lab and other equipment<br>7.2 Break-up of disposals  |            | 5,760<br>928<br>1,802,937<br>6,258<br>6,694<br>520<br>9,317<br>3,165<br>1,835,579 | -<br>11,570<br>3,369,710<br>6,617<br>10,455<br>6,202<br>3,910<br>262<br>3,408,726 |
| Leasehold improvements<br>Plant and equipment<br>Office equipment<br>Computers<br>Furniture and fixtures<br>Vehicles   |            | (41)<br>(27,477)<br>(1,025)<br>-<br>(217)<br>(938)<br>(29,698)                    | (1,062)<br>(7,895)<br>(348)<br>(179)<br>(26)<br>(4,177)<br>(13,687)               |
| Intangible assets- NBV   |            |   |   |
| Licenses<br>Patents and copyrights<br>Software<br>Goodwill   | 8.1        | 2,091,134<br>1,126<br>900<br>2,553,494<br>4,646,654                               | 2,209,794<br>1,727<br>2,250<br>2,553,494<br>4,767,265                             |
| 81 Goodwill represents the difference betwee   | n the cost | of the acquisition  |   |

8.1 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 at 30 September 2010 and determined that no impairment of Goodwill was found. The recoverable amount was calculated on the basis of five year financial business plan which includes debt financing. The debt financing assumption is substantially covered through commitment for the arrangement of financing available with the Company.

The business plan 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.

|   |                               | 30 September<br>2010<br>(Rupees | 31 December<br>2009<br>in '000) |
|---|-------------------------------|---------------------------------|---------------------------------|
| 9 | Investment properties         |                                 |                                 |
|   | Opening balance               | 76,162                          | 76,162                          |
|   | Addition during the period    | 6,600                           | -                               |
|   | Transferred from owned assets | 5,760                           | -                               |
|   | Closing balance               | 88,522                          | 76,162                          |

Investment property comprises of land and commercial property situated in Karachi, Pakistan.

The carrying value of commercial property was the fair value of the property as determined by approved independent valuer M/s PEE DEE & Associates. Fair value was determined giving due regard to recent market transactions for similar properties in the same location and condition as the Group's investment property as at 31 December 2009.

During the period the Company acquired land under the arrangement of barter transaction with Legend World Advertising against the advertisement services. The carrying value was the fair value of investment property at date of acquisition and there is no significant change in fair value as at 30 September 2010.

### 10 Long term trade receivable

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 over a period of three years.

### Non current assets and liabilities classified as held for sale 11

The Group's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited has been suffering losses since 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 has decided and approved the winding up of the subsidiary. Long term investment in subsidiary has now been classified as discontinued operations.

The following are the results for the period ending 30 September 2010 and the comparative period of discontinued operations.

|                                    | 30 September     | 30 September |
|------------------------------------|------------------|--------------|
|                                    | 2010             | 2009         |
|                                    | (Rupees in '000) |              |
| Results of discontinued operations |                  |              |
| Revenue                            | 2,802            | 4,356        |
| Expenses                           | (7,350)          | (10,418)     |
| Results from operating activities  | (4,548)          | (6,062)      |
| Finance cost                       | (2,472)          | (213)        |
| Other income                       | 49               | 84           |
| Loss for the period                | (6,971)          | (6,191)      |
|                                    |                  |              |

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|   | 30 September<br>2010<br>(Rupee | 30 September<br>2009<br>s in '000) |
|---|--------------------------------|------------------------------------|
| Cash flow used in discontinued operations   |                                |                                    |
| Net cash used in operating activities<br>Net cash generated from investing activities<br>Net cash generated from financing activities<br>Net cash used in discontinued operations | (161)<br>-<br>-<br>(161)       | (309)<br>-<br>-<br>(309)           |
| Non current assets and liabilities classified as held for sale  |                                |                                    |

| Assets                   |        |
|--------------------------|--------|
| Trade debts              | 276    |
| Liabilities              |        |
| Trade and other payables | 16,882 |
| Income tax payable       | 7      |
| Cash and bank balance    | 1,062  |
|                          | 17,951 |

### 12 Short term borrowings

This represents a bridge finance facility of Rs. 200 million obtained from Habib Bank Limited to retire the Letter of Credit. This carries mark up at 3 months KIBOR plus 3% per annum. The bridge finance facility will be settled on or before 28th February 2011. This facility is secured by registered charge on current and fixed assets.

### Contingencies and commitments - The Company 13

### Contingencies

### 13.1 Billing disputes with PTCL

- 13.1.1 There is a dispute of Rs. 71.79 million (31 Dec 2009: Rs 70.23 million) with PTCL of non revenue time of prepaid calling cards and Rs. 24.93 million (31 Dec 2009: Rs 29.3 million) for excess minutes billed on account of interconnect and settlement charges. The management 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. 175.57 million (31 Dec 2009: Rs.153.54 million) on account of difference in rates, distances and date of activation. Further, the Company has also deposited Rs. 40 million (31 Dec 2009: 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 management is hopeful that matter will be decided in favour of the Company.

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

13.2.1 PTA has raised a demand on the Company of Rs. 10.6 million (31 Dec 2009: Rs. 10.6 million) on account of annual microwave and BTS registration charges. The Company disputed this amount on the grounds that the same are illegal and discriminatory. PTA issued a Show Cause Notice dated 26 June 2009 which culminated into a determination dated 22 February 2010 against the Company. The Company has filed an appeal bearing F.A.O.147/2010 against the said determination before the Honourable Lahore High Court Lahore; the same is

pending adjudication. Based on legal advice, the Company has a very good case and there is every likelihood of success.

13.2.2 PTA has issued a notice to the Company for the cancellation of the 479 MHz and 3.5 GHz frequency bands licenses, as the Company has failed to undertake the rollout of its wireless local loop ("WLL") network in the aforesaid frequencies within the time limit prescribed by PTA. The Authority has right to withdraw unused frequency spectrum and cancel the license for not meeting the said roll out requirement. The Company's stance in this respect is that the rollout in 479 MHz, a non standard frequency band, could not be carried out due to non availability of infrastructure and user terminals. Its deployment and commercial operation is not possible in the limited revised time frame. In 3.5 GHz band, the roll out is delayed due to limited customers' market and high cost of the Customer Premises Equipment. Non-firm standards, technology evolution and optimization of spectrum by PTA are also the main reasons for its delayed rollout. However, the Company has started its roll out plan and is successful in getting commencement certificate in GTR and KTR regions for 3.5 GHz frequency and 479 MHz frequency respectively.

In addition to above commencement inspection has been done for 3.5 GHz frequency for the following regions: RTR, CTR, MTR, STR-I, and STR-V while for 479 MHz frequency commencement inspection has been conducted for the following regions: RTR, GTR, FTR, MTR, STR-I and STR-V. The management is hopeful that the matter will be decided in favour of the Company and notice will be withdrawn.

13.2.3 There is a dispute of Rs. 11.3 million (31 Dec 2009: Rs. 11.3 million) with PTA on account of contribution to the Research and Development Fund ("R&D Fund") for the period prior to the valid formation of R&D Fund by the Federal Government. PTA issued a Show Cause Notice dated 26 June 2009 which culminated into a determination dated 22 February 2010 against the Company. The Company has filed an appeal bearing F.A.O.147/2010 against the said determination before the Honourable Lahore High Court; the same is pending adjudication.

Validity of this fund is under question before the Honorable Supreme Court of Pakistan in a petition filed by another operator. The Honorable Supreme Court is yet to decide the fate of this fund. Any payment towards this fund shall be refundable in case of favorable decision of the Honorable Supreme Court. Based on legal advice, the Company is hopeful that there will be a favorable decision by the Honourable Supreme Court.

13.2.4 There is a dispute of Rs. 491 million (31 Dec 2009: Rs. 491 million) with PTA on Access Promotion Contribution (APC) for Universal Service Fund (USF) representing contribution for the period prior to the valid formation of USF fund by the Federal Government. A Show cause notice was issued by the PTA which culminated into determination dated 04 April 2008 against the Company. The Company filed an appeal in Honourable Islamabad High Court Islamabad and the Honourable Court was pleased to dismiss the appeal vide judgment dated 21 January 2009. The Company then filed a Civil Petition for Leave to Appeal (CPLA) before the Honourable Supreme Court of Pakistan against the judgment of the Honourable Islamabad High Court. The Honourable Supreme Court has heard the preliminary arguments in presence of the Respondents in various hearings. Lastly, this case was fixed on 8 February 2010 however the same got adjourned on the written request of the Respondents. The office of Honourable Supreme Court is yet to fix the next date of hearing. Based on legal advice, the Company is hopeful that the matter will be decided in favour of the Company.

### 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 Company filed an appeal before the Commissioner of Income Tax (Appeals) dismissed the appeal of the Company and now the Company has filed appeal in Income Tax Appellate Tribunal Lahore against the order of

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Commissioner of Income Tax (Appeals). The management is hopeful that the matter will be decided in favour of the Company.

- 13.3.2 Taxation Officer passed an order in 2007 under section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2004 and 2005 on account of sales of Payphone services and calling cards creating a tax demand of Rs. 173 million by treating the Company as an assessee in default for non-deduction of tax under section 236 of the Income Tax Ordinance, 2001. A penalty of Rs. 8.67 million was also imposed for non payment of the demand mentioned above. The Company filed an appeal against this order before Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) dismissed the appeal of the Company and subsequently the Company filed an appeal in Income Tax Appellate Tribunal ("ITAT"), Lahore against the order of Commissioner of Income Tax (Appeals). ITAT, Lahore decided the case in favour of the Company and resultantly the demand of Rs 181.67 million was reversed. The department has now filed reference in the Honourable Lahore High Court against the decision of ITAT, Lahore on 08 September 2008 which is pending adjudication.
- 13.3.3 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. 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 management is hopeful that matter will be decided in favour of the Company.
- 13.3.4 In year 2006, Sales Tax refunds were applied for and granted to the Company under Section 66 of the Sales Tax Act 1990 on the basis of a letter issued by the Federal Board of Revenue (FBR) bearing No.1(17)CEB/96 dated 24 December 2004. Subsequently, in 2006, the FBR sent out another letter stating that the earlier clarification was prospective and did not apply to those instances of excise duty which had already been levied and collected since those were past and closed transactions.

Following this change in stance by the FBR, a Show Cause Notice was sent to the Company, including various other payphone companies and proceedings were initiated, culminating in the decision of the Customs, Federal Excise and Sales Tax Appellate Tribunal (CESTAT) dated 15 October 2009 in which it was held that though no tax fraud was apparent and neither penalties were appropriate, however, the disputed refund should be recovered from the Company (that is Rs.167 million). A reference has now been filed by the Company against the CESTAT decision before the Honourable Lahore High Court bearing Reference Application No.74 of 2009. An injunction currently holds the field which precludes recovery of the disputed refund. Most recently, the Appellate Tribunal Inland Revenue vide its judgment dated 09 April 2010 has allowed the appeals of other pay phone companies in result whereof entire demand of refund as well as additional tax and penalty has been set aside.

The Company has paid 20% of principal amount to date to the department against the said dispute. Based on legal advice and recent decision of the Tribunal in other similar cases, the management is hopeful that matter will be decided in favour of the Company.

|    |  | 2010                      | 1 December<br>2009    |
|----|--|---------------------------|-----------------------|
|    |  | (Rupees in                | .000)                 |
|    | Commitments  |                           |                       |
|    | 13.4 Outstanding guarantees                            | 1,020,268                 | 799,755               |
|    | 13.5 Commitments in respect of capital expenditure     | 549,439                   | 647,197               |
|    | <b>13.6</b> Outstanding letters of credit              | -                         | 12,870                |
|    |  | Nine months ended Nine    | months ended          |
|    |  |                           | September 2009        |
| 14 | Cash generated from operations                         | (Rupees in                | '000)                 |
|    | Loss before taxation Adjustments for:                  | (948,699)                 | (428,473)             |
|    | Depreciation   | 1,041,382                 | 854,671               |
|    | Amortization of intangible assets                      | 75,247                    | 75,247                |
|    | Interest on PTA license fee                            | 34,219                    | 94,977                |
|    | Amortization of transaction cost                       | 8,455                     | 7,579                 |
|    | Amortization cost of receivables                       | 18,437                    | -                     |
|    | Provision for doubtful receivables                     | 110,749                   | 45,922                |
|    | Provision for stores and spares                        | 14,700                    | -                     |
|    | Impairment loss on available for sale financial assets | 65,894                    | 167,865               |
|    | Gain on disposal of property, plant and equipment      | (13,851)                  | (6,841)               |
|    | Exchange translation difference                        | (1,831)                   | (574)                 |
|    | Retirement benefits                                    | 70,105                    | 48,661                |
|    | Finance cost Profit before working capital changes     | <u>518,757</u><br>993,564 | 226,355<br>1,085,389  |
|    | Effect on cash flow due to working capital changes     | 555,504                   | 1,005,505             |
|    | (Increase)/Decrease in the current assets              |                           |                       |
|    | Starsa and anaroa                                      |                           | 10 500                |
|    | Stores and spares<br>Stock in trade                    | 97,416                    | 19,502                |
|    | Trade debts  | (13,893)                  | (30,661)              |
|    | Loans and advances                                     | (508,051)<br>63,331       | (943,096)<br>(53,943) |
|    | Deposits and prepayments                               | 989                       | (34,208)              |
|    | Other receivables                                      | (10,494)                  | 172,295               |
|    | Increase/(Decrease) in current liabilities             |                           | ,                     |
|    | Trade and other payables                               | 1,760,061                 | 1,001,446             |
|    |  | 1,389,359                 | 131,335               |
|    |  | 2,382,923                 | 1,216,724             |
| 15 | Cash and bank balance                                  |                           |                       |
|    | Cash and bank balance- parent                          | 474,012                   | 283,509               |
|    | Cash and bank balance-subsidiary                       | (1,062)                   | 263,509               |
|    | oush and bank balance-subsidialy                       | 470.050                   |                       |

# Worldcall Telecom Limited Group

### 16 Related party transactions

The related parties comprise associated companies, related group companies, directors of the Company, companies where directors also hold directorship and key management employees. Significant transactions with related parties are summarised as follows:

|   | Relationship with the<br>Company | Nature of transactions                                       | Nine months ended<br>30 September<br>2010<br>(Rupee | Nine months ended<br>30 September<br>2009<br>s in '000) |
|---|----------------------------------|--|---|---|
| 1 | Parent Company                   | Purchase of goods and services<br>Sale of goods and services | 412,5<br>304,9                                      |   |
| 2 | Other related parties            | Purchase of goods and services<br>Sale of goods and services | 21,90<br>25   | 01 25,131<br>52 8,405                                   |
|   |                                  | Interest on Ioan<br>Provision for doubtful debts             | 1,69<br>54,64                                       |   |
| 3 | Key management<br>personnel      | Salaries and other employee bene                             | efits 209,20  | <b>03</b> 183,262                                       |

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

|   | 30 September<br>2010<br>(Rupees | 31 December<br>2009<br>a in '000) |
|---|---------------------------------|-----------------------------------|
| Period end balances   |                                 |                                   |
| Receivable from related parties<br>Payable to related parties | 304,990<br>1,050,917            | 378,012<br>618,145                |

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

### 17 Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on 28 October 2010 by the Board of Directors.

### 18 General

- 18.1 Figures have been rounded off to the nearest thousand of rupee.
- 18.2 Corresponding figures have been re-arranged wherever necessary for the purpose of comparison. Material rearrangement is summarized below:
  - Advances to suppliers amounting to Rs. 120 million previously grouped in loans and advances have now been grouped in capital work in progress.

Lahore

Babandiff Chief Executive Officer

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472,950

283,639

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